

# CONNECTICUT DEPARTMENT OF ECONOMIC & COMMUNITY DEVELOPMENT



# LEGISLATIVE SUMMARY 2010

M. Jodi Rell Governor

Joan McDonald Commissioner

# **LEGEND**

AAC "An Act Concerning..."

CCCT "CT Commission on Culture and Tourism"

CDA the "Connecticut Development Authority"

CHFA the "Connecticut Housing Finance Authority"

CII "Connecticut Innovations, Inc."

Commissioner Unless otherwise defined, is the Commissioner of DECD

CTSB "Connecticut Transportation Strategy Board"

DECD the "Department of Economic and Community Development"

Department "DECD"

DEP the "Department of Environmental Protection"

DHE the "Department of Higher Education"

DOT the "Department of Transportation"

DPH the "Department of Public Health"

DPW the "Department of Public Works"

DSS the "Department of Social Services"

DSR the "Division of Special Revenue"

DRS the "Department of Revenue Services"

HB "House Act"

JSS "June Special Session"

LLC "limited liability company"

MAA the "Manufacturing Assistance Act"

MME "Manufacturing Machinery and Equipment"

OPM the "Office of Policy and Management"

OWC the "Office of Workforce Competitiveness"

PA "Public Act"

SA "Special Act"

SB "Senate Act"

SSS "September Special Session"

#### Sources of Information

The following summaries have been compiled from the Office of Legislative Research and Office of Fiscal Analysis and tailored specifically for the Department of Economic and Community Development. Only Public Acts affecting, or of interest to, the Department are included in this summary.

#### For Further Information

For more in-depth explanations, information on other Public Acts, or questions on legislative intent, please contact:

Joseph Oros, Chief of Staff / Director of Government Relations

Dave Raccio, Legislative Liaison

**Mailing address:** Public and Government Relations

Department of Economic and Community Development

505 Hudson Street-3<sup>rd</sup> Floor

Hartford, CT 06106

**Telephone:** (860) 270-8186

(860) 270-8150

**Fax:** (860) 270-8188

**E-mail address:** Joseph.Oros@ct.gov

David.Raccio@ct.gov

#### Acknowledgements

Prepared by:

Jane Schneider, Adminsitratve Assistant

Department of Economic & Community Development

2010

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Public Act# 10-3 HB# 5545

# AN ACT CONCERNING DEFICIT MITIGATION FOR THE FISCAL YEAR ENDING JUNE 30, 2010

**SUMMARY:** This act reduces appropriations for state programs and purposes for FY 10 and FY 11; transfers funds from various special funds and accounts to the General Fund for FY 10 and FY 11; and reduces and adjusts several state medical assistance and other social services programs.

The act adjusts transfers between the Budget Reserve ("rainy day") Fund and the General Fund and between the General Fund and Special Transportation Fund.

A section-by-section analysis appears below.

EFFECTIVE DATE: Upon passage unless otherwise noted below.

# Sections 1-3 — Appropriations for FY 10 and FY 11

Please refer to the Office of Fiscal Analysis fiscal note for a detailed explanation of these sections.

## Sections 4 & 73 — Transfers to the General Fund

The act transfers money from various special funds and accounts to General Fund revenue for FY 10 as shown in Table 1. On or after January 1 2011, the act also transfers \$ 10 million from the Citizen's Election Fund to the General Fund for FY 11.

Table 1: Transfers to the General Fund for FY 10

From	Amount
Tobacco and Heath Trust Fund	\$ 5,000,000
Biomedical Research Fund	3,500,000
Public, Educational, and Governmental Programming and Education Technology Investment Account	2,300,000
Emissions Enterprise Fund	1,000,000
Conservation Fund, Environmental Quality Fund, & Clean Air Act account	Any balances remaining after completing transfers required in the budget act and this act
Community Investment Account	5,000,000 (see below)
Federal Emergency Management Administration account administered by OPM	Balance remaining
Correction Commissaries Account	1,200,000
Commercial Recording Account	Unspent balance
DECD for Home CT	380,000
OPM for administration and funding of the Housing Incentive Zone program	397,602

The Community Investment account is funded by a \$40 fee for each document recorded in municipal land records. Municipalities retain \$4 of the fee and send the balance to the state for deposit in the account. Money from the account is distributed quarterly to the Commission on Culture and Tourism, the Connecticut Housing Finance Authority, and the departments of Environmental Protection and Agriculture. They must use the funds for purposes specified in the law.

For the quarter ending June 30, 2010, the act requires \$5 million from the account to go to the General Fund before the reminder is distributed.

### Section 14 — Purchasing Contracts

The act authorizes the Department of Administrative Services (DAS) commissioner, on the state's behalf, to purchase equipment, supplies, materials, and services by joining existing purchasing contracts in other states, Connecticut political subdivisions, nonprofit organizations, or public consortia. The state would be subject to the same contract terms and conditions as the other entities.

By law, the DAS commissioner can join with other governmental entities and nonprofit organizations to make cooperative purchases when doing so is in the best interest of the state but lacks the express authority to join an existing purchasing contract.

#### Section 15 — General Fund Transfers to the Special Transportation Fund

The act reduces the required FY 10 and FY 11 revenue transfers from the General Fund to the Special Transportation Fund. It reduces the FY 10 transfer by \$10 million, from \$81.2 million to \$71.2 million, and the FY 11 and FY 12 transfers by \$725,000 from \$126 million to \$125. 275 million.

# Section 17 — Budget Reserve Fund Transfers to the General Fund for FY 10 and FY 11

The act changes the required transfers from the Budget Reserve ("Rainy Day") Fund to the General Fund for FY 10 and FY 11. It (1) increases the FY 10 transfer by \$238,774,880, from \$1,039,700,000 to \$1,278,474,880 and (2) makes a corresponding reduction in the FY 11 transfer, reducing it from \$342 million to \$103,225,120.

#### Section 26 — Carryforward for Common Licensing/Permit Service

The act carries forward to FY 11 the unspent balance, minus \$37,857, of an appropriation to OPM for licensing and permit fees and transfers it to the Department of Information Technology to implement a common licensing/permit issuance service for state agencies during FY 11.

#### Section 29 — LPN Programs at Vocational-Technical Schools

By January 1, 2011, the act requires the education commissioner and the vocational-technical school system superintendent to establish and administer licensed practical nurse programs at six vocational-technical schools. The school locations must be distributed on an equitable geographic basis throughout the state. The requirement applies unless the education commissioner notifies the Education Committee by November 1, 2010 that he will not establish the programs and the reasons why.

If the appropriation for the programs is too little to cover their costs, the act allows program tuition to be increased to cover the shortfall.

# Section 30 — Carryforward Funding for CCAT

The act carries the unspent balance of an FY 10 appropriation to the DECD for CCAT-CT Manufacturing Supply Chain over to FY 11 and requires the funds to be spent for the same purpose.

EFFECTIVE DATE: July 1, 2010

#### Section 31 — Transfer from Small Business Incubator Account

The act transfers \$850,000 from the separate, nonlapsing Small Business Incubator account within the General Fund to unrestricted General Fund resources for FY 10.

Public Act# 10-17 HB# 5278

# AN ACT CONCERNING SENIOR CENTERS AND THE FREEDOM OF INFORMATION ACT

**EFFECTIVE DATE**: October 1, 2010

**SUMMARY:** This act exempts from disclosure under the Freedom of Information Act the name, address, telephone number, and email address of anyone who is a member of, or enrolled in a program at, a senior center administered or sponsored by a public agency.

Public Act# 10-35 HB# 5530

#### AN ACT CONCERNING THE CONNECTICUT BUSINESS CORPORATION ACT

**EFFECTIVE DATE**: October 1, 2010

**SUMMARY:** This act makes changes to the laws governing business corporations. It requires written notices sent to a corporation to be addressed to its secretary. The act allows corporations to provide equivalent financial information to shareholders exercising appraisal rights when the appropriate financial statement is unavailable. It also requires financial information to be provided to shareholders before they exercise their appraisal rights (i.e. with the notices of corporate action that trigger those rights).

It allows the board of directors to authorize one or more of its officers to make certain decisions regarding the recipients of the corporation's rights, options, or warrants for the purchase of shares or other securities. The act also allows a corporation to agree to submit a matter to a vote of its shareholders even if the board of directors, after approving the matter, determines it no longer recommends it. It makes conforming changes to effect this change.

The act allows, rather than requires, the director of a corporation to consider certain factors in determining what he or she reasonably believes to be in the corporation's best interests.

#### FINANCIAL STATEMENTS

#### Accompanying Payments

By law, a corporation must pay shareholders exercising their appraisal rights the estimated fair value of their shares, plus interest. Under prior law, the payment had to be accompanied by a financial statement consisting of (1) a balance sheet as of the end of the fiscal year ending no more than 16 months before the date of the payment, (2) an income statement for that year, (3) a statement of changes in shareholders' equity for that year, and (4) the latest available interim financial statements, if any. The act instead requires a corporation to provide its annual financial statement to shareholders covering the fiscal year ending within the 16-month period before payment. The statement must comply with the existing law on financial statements for shareholders, which generally require the same components as prior law, except they do not require the interim statements. However, the act requires the corporation to furnish its latest available quarterly financial statements, if any. If the annual financial statements are not reasonably available, the act requires corporations to provide reasonably equivalent financial information.

The act also requires a financial statement to comply with the existing law on documents accompanying financial statements. If a public accountant reports a statement, that report must accompany the statements. If there is no public accountant report, the statements must be accompanied by a statement of the president or the person responsible for the corporation's accounting records (1) stating his or her reasonable belief as to whether the statements were prepared on the basis of generally accepted accounting principles and, if not, describing the basis of preparation and (2) describing any ways in which the statements were not prepared on a basis of accounting consistent with the preceding year's statements.

#### Notices of Certain Corporate Actions

When a merger is effected or the types of mergers, share exchanges, disposition of assets, or certificate of incorporation amendments that trigger shareholder appraisal rights are proposed, the act requires the requisite notice to be accompanied by a financial statement that complies with the requirements for financial statements accompanying payment described above. However, the act allows the shareholder to waive the requirement in writing, before or after the applicable corporate action.

# ISSUANCE OF RIGHTS, OPTIONS, WARRANTS, OR OTHER EQUITY COMPENSATION AWARDS

By law, a corporation may issue rights, options, or warrants for the purchase of its shares or other securities, and the board of directors determines the terms of issuance. The act allows the board to authorize one or more officers to (1) designate the recipients of rights, options, warrants, or other equity compensation awards that involve the issuance of shares and (2) determine, within an amount and subject to any other limitations established by the board and, if applicable, the shareholders, the number and terms of such rights, options, warrants, or other equity compensation awards to be

received. However, an officer cannot use this authority to designate himself or herself, or any other people the board may specify, as a recipient.

#### BEST INTERESTS OF THE CORPORATION

The act allows, rather than requires as under prior law, the director of a corporation with a class of voting stock registered under the Securities Exchange Act of 1934 to consider the following factors in determining what he or she reasonably believes to be in the best interests of the corporation:

- 1. the long- and short-term interests of the corporation;
- 2. the long- and short-term interests of the shareholders, including the possibility that those interests may be best served by the continued independence of the corporation;
- 3. the interests of the corporation's employees, customers, creditors, and suppliers; and
- 4. community and societal considerations, including those of any community in which any corporate office or facility is located.

Public Act# 10-44 SB# 25

# AN ACT AUTHORIZING AND ADJUSTING BONDS OF THE STATE FOR CAPITAL IMPROVEMENTS AND OTHER PURPOSES.

**SUMMARY:** This act cancels \$480.6 million in general obligation (GO) bond authorizations. The authorizations are for state and local capital projects and state grants and loans, including to municipalities and nonprofit entities.

The act authorizes up to \$58.6 million in new state GO bonds. It divides the money into three pools for specified projects in Bridgeport, Hartford, and New Haven as designated by the State Bond Commission. All but two of the specified projects currently have separate bond authorizations. The act cancels all or part of these separate authorizations.

#### The act also:

- 1. authorizes an additional \$40 million in Clean Water revenue bonds, increasing the FY 11 authorization from \$80 million to \$120 million (section 25);
- 2. authorizes \$7.325 million in special tax obligation (STO) bonds for transportation-related projects;
- 3. shifts \$5 million in GO bond authorizations between two projects in the Connecticut State University System (CSUS) 2020 plan; and
- 4. earmarks funds from several existing authorizations for specific projects.

#### **BOND AUTHORIZATION POOLS**

The act authorizes up to \$58.6 million in new GO bonds. It divides the authorizations into three bond pools to fund specified projects in Bridgeport, Hartford, and New Haven; adds two new projects in Bridgeport to one of the pools; and cancels all or part of the existing, separate bond authorizations for the other projects. The pool authorizations are about 15% less than the current aggregate authorizations for the pooled projects. The two new Bridgeport projects are added to the pool for infrastructure and other programs (Pool 2). They are (1) improvements to the bus and transportation center and (2) restoration, new construction, or property acquisition for expansion and improvement for Greater Bridgeport Transit.

Under the act, the State Bond Commission allocates amounts for the authorized projects up to the overall pool limit. Table 1 shows the new bonds authorized for each city in each of the three pools. Table 2 shows the cancelled projects included in each pool, their current authorizations, and the amounts cancelled.

Pool 1 Pool 2 Pool 3 Economic and community Infrastructure and other specified Culture, tourism, and entertainment development programs projects and programs programs \$12.9 million \$45.1 million \$600,000 (sections 1-8) (sections 9-16) (sections 17-24) Bridgeport \$7,200,000 Bridgeport \$27,700,000 Bridgeport \$600,000 Hartford 5,700,000 Hartford 10,600,000 Hartford 0 New Haven 0 New Haven 6,800,000 New Haven 0

**Table 1: Bond Authorization Pools** 

Table 2: Pooled Projects - Individual Authorizations Cancelled

Sec	For	Current Authorization	Amount  Cancelled	Moved to
	BRIDGEPOR	Γ		
274	Planning and implementation of the Upper Reservoir Avenue Corridor Revitalization Initiative Project	\$ 250,000	\$ 250,000	Pool 1
281	Black Rock Gateway project	1,000,000	1,000,000	Pool 1
337	Black Rock Gateway project	1,000,000	1,000,000	Pool 1
198	Revitalization of the Hollow Neighborhood	500,000	500,000	Pool 1
201	Feasibility study for the Congress Street Plaza urban renewal area	250,000	250,000	Pool 1
246	Purchase of development rights at Veterans' Memorial Park	3,000,000	3,000,000	Pool 1

279	Madison Avenue Gateway Revitalization streetscape project	2,500,000	2,500,000	Pool 1
45	Design and construction of a flood control project in the northeast corner of the city	1,150,000	995,000	Pool 2
58	Island Brook Flood Control project	4,597,583	1,950,183	Pool 2
101	Remediation of the waterfront including any predevelopment costs	10,000,000	10,000,000	Pool 2
145	Design and construction of the Congress Street Bridge	10,000,000	10,000,000	Pool 2
284	Design and construction of the Congress Street Bridge	5,000,000	5,000,000	Pool 2
161	Day care, a community room and a playground at West End School	350,000	350,000	Pool 2
171	Purchase and installation of a public safety video surveillance system	300,000	300,000	Pool 2
275	Fairfield County Housing Partnership: Land acquisition, design, development and construction of an independent living facility	750,000	750,000	Pool 2
283	Purchase of a water taxi, construction of docks and construction of the Pleasure Beach retractable pedestrian bridge	3,000,000	3,000,000	Pool 2
285	Bridgeport Port Authority: Improvements to the Derecktor Shipyard, including remediation, dredging, bulkheading and construction of Phase 2 of the Derecktor Shipyard Economic Development Plan	1,750,000	1,750,000	Pool 2
289	Repair and improvements on State Road 59 between the North Avenue and Capitol Avenue intersections, including median and sidewalk renovations	1,000,000	1,000,000	Pool 2
199	Improvements to the Palace Theater	250,000	250,000	Pool 3
286	Improvements to Bluefish Stadium	400,000	400,000	Pool 3
	HARTFORD			
150	Purchase of a building and necessary alterations and renovation for the John E. Rogers African American Cultural Center of Hartford	50,000	50,000	Pool 1
278	Park Street streetscape project	1,700,000	1,700,000	Pool 1
336	Park Street streetscape project	3,000,000	3,000,000	Pool 1
287	Hartford Economic Development Corporation: North Hartford community revolving loan fund	900,000	900,000	Pool 1
288	Planning and design of streetscape improvements in the North Hartford area and along the Main Street corridor	500,000	500,000	Pool 1
290	Façade improvements along Wethersfield Avenue	500,000	500,000	Pool 1
38	Hartford downtown parking projects	15,000,000	3,000,000	Pool 2
180	Revitalization of Pope Park	1,000,000	1,000,000	Pool 2
236	Public safety complex and regional emergency management center	1,000,000	1,000,000	Pool 2
241	Improvements to the flood control system	12,000,000	7,000,000	Pool 2
280	Bridge over the Park River	500,000	500,000	Pool 2
	NEW HAVEN			
90	Renovations and improvements to Tweed New	5,000,000	5,000,000	Pool 2

	Haven Airport			
251	Improvements to the Morris Cove storm water drainage system	1,000,000	1,000,000	Pool 2
252	Grants-in-aid to homeowners in the Westville section of New Haven and homeowners in Woodbridge for structurally damaged homes due to subsidence located in the immediate vicinity of the West River	2,000,000	2,000,000	Pool 2

#### Section 28 — Reallocation of Funds within the CSUS 2020 Infrastructure Improvement Program

This act shifts \$5 million in general obligation bond authorizations between two projects enumerated in Phase I of the Connecticut State University System (CSUS) 2020 plan, a system-wide capital improvement program. It does so by increasing the authorization for telecommunications infrastructure upgrades by \$5 million and reducing the authorization for land and property acquisition by the same amount. This shift allows CSUS to undertake additional information technology projects, such as a Voice over Internet Protocol communications system.

By law, certain revisions to the CSUS 2020 plan require (1) the formal approval of the CSUS Board of Trustees and (2) subsequent enactment of a public or special act. These revisions are (1) the addition or deletion of a project or (2) an increase or decrease in the original project cost by an amount equal to 10% or more for projects estimated to cost less than \$1 million or 5% or more for projects estimated to cost more than \$1 million, as long as the change in cost is not due to a change in the cost of material (CGS 10a-91d(c)).

# Sections 40 & 41 — Special Tax Obligation (STO) Bond Authorizations

Section 40 — Service Plaza Improvements

The act authorizes up to \$4.825 million in STO bonds for the Department of Transportation (DOT) to pay for environmental clean-up at service plazas along Interstate 95, the Merritt and Wilbur Cross parkways, and Interstate 395. The bonds are subject to regular STO bond requirements and issuance procedures.

Section 41 — Fix-It-First Program for At-Grade Rail Crossings

The act authorizes up to \$2.5 million in STO bonds for DOT to establish a Fix-It-First Program to repair, upgrade, or eliminate at-grade railroad crossings in Connecticut. The bonds are subject to regular STO bond requirements and issuance procedures.

#### **EARMARKS**

#### Section 26 — Urban Act

The act earmarks \$3.75 million of the authorization to the Office of Policy and Management (OPM) for economic and community development project grants under the Urban Act for the following grants:

- 1. \$3 million for land acquisition and commercial or retail property development in New Haven and
- 2. \$750,000 for repairs and replacement of the fishing pier at Cummings Park in Stamford.

#### Section 39 — Manufacturing Assistance Act

The act earmarks \$2 million in previously authorized Manufacturing Assistance Act bond funds for DECD grants to companies adversely affected by Quinnipiac Bridge construction. It allows the companies to use the grants to offset the increased costs for commercial overland transport of goods or materials from the port of New Haven.

### Section 346 — Housing Development and Rehabilitation

In an existing \$21 million authorization to DECD for housing development and rehabilitation, the act allows \$15 million to be made available for Pinnacle Heights and Corbin Heights Extension housing development projects in New Britain. It also makes the existing earmarks in the authorization discretionary rather than mandatory.

#### LANGUAGE CHANGES

#### Section 216 — Department of Information Technology Data Center

The act eliminates planning for the development of an alternate data center from the purposes for which the Department of Information Technology may use an authorization of up to \$2.5 million. Instead, it requires the department to use the funds for planning and design of a data center.

#### **CANCELLATIONS**

In addition to the cancellations listed in Table 2 above, the act cancels the GO bond authorizations listed in Tables 3, 4, and 5 below.

#### State Agency Capital Projects

The act cancels all or part of bond authorizations for the state agency capital projects shown in Table 3. Authorizations are listed by agency.

**Table 3: State Agency Project Authorizations Cancelled** 

Sec	For	Current	Amount Cancelled
		Authorization	Cancellea
	CONNECTICUT INNOVATIONS, INC.		
33	Renewable energy and combined heat and power projects in state buildings	30,000,000	20,000,000
313	Recapitalize CII's programs, including up to \$1,500,000 for capital expenses associated with the BioBus	12,000,000	3,500,000

340	Recapitalize CII's programs described in Chapter 581 of the general statutes	12,000,000	2,000,000
	CULTURE AND TOURISM	· · · · · · · · · · · · · · · · · · ·	
112	Renovations and restoration at state-owned historic museums	3,000,000	2,301,942
125	Renovations and restoration at state-owned historic museums	1,750,000	1,750,000
167	Renovations and restoration at state-owned historic museums	1,750,000	750,000
	ECONOMIC AND COMMUNITY DEVELOPM	ENT	
114	Development of a congregate housing facility in Waterbury	2,500,000	2,500,000
115	Development of supportive housing for families with medically complex children	3,000,000	3,000,000
	OFFICE OF POLICY AND MANAGEMENT	Γ	
27	Capital Equipment Purchase Fund	366,550,000	2,350,000
	PUBLIC WORKS	į.	
31	Energy services projects in state buildings	30,000,000	17,000,000
84	Infrastructure repairs and improvements, including fire, safety and compliance with ADA and OSHA, including renovations or expansions of state-owned buildings, and improvements to state-owned buildings and grounds, including energy conservation and preservation of unoccupied buildings, and for development of state office facilities, or for additional parking, provided not more than \$ 200,000 shall be used to conduct a study of the facilities of the Regional Fire Schools	12,000,000	34,993
93	Infrastructure repairs and improvements, including fire, safety, and compliance with ADA and OSHA, including renovations or expansions of state-owned buildings, and improvements to state-owned buildings and grounds, including energy conservation and preservation of unoccupied buildings	8,000,000	283,260
103	Infrastructure repairs and improvements, including fire, safety, and compliance with ADA and OSHA, renovations or expansions of state-owned buildings, improvements to state-owned buildings and grounds, energy conservation, preservation of unoccupied buildings, and for development of state office facilities, or for additional parking	2,000,000	310,625
108	Infrastructure repairs and improvements, including fire, safety, and ADA compliance, improvements to state-owned buildings and grounds, including energy conservation and off-site improvements, and preservation of unoccupied buildings and grounds, including office development, acquisition and renovations for additional parking	4,000,000	259,864
164	Infrastructure repairs and improvements, including fire, safety, and compliance with ADA, improvements to state-owned buildings and grounds, including energy conservation and off-site improvements, and preservation of unoccupied buildings and grounds, including office development, acquisition, renovations for additional parking, and security improvements	7,500,000	167,555
218	Capital construction, improvements, repairs, renovations, and land acquisition at fire training schools	10,000,000	2,000,000
219	Development and implementation of a plan to reduce the number of state-owned and -leased surface parking lots in Hartford	200,000	200,000
316	Infrastructure repairs and improvements, including fire, safety, and ADA compliance improvements, improvements to state-owned buildings and grounds, including energy conservation and off-site improvements, and preservation of unoccupied buildings and grounds, including office development, acquisition, renovations for	6,000,000	1,000,000

	additional parking, and security improvements				
	UCONN				
341	Laboratory improvements	500,000	500,000		

# Grant and Loan Programs

The act cancels part or all of the bond authorizations for various grant and loan programs as shown in Table 4. Programs are listed by agency.

**Table 4: State Grant and Loan Program Authorizations Cancelled** 

Sec	For	Current  Authorization	Amount Cancelled
	AGRICULTURE		
238	Matching grants to farmers for environmental compliance, including waste management facilities, compost, soil and erosion control, pesticide reduction, storage and disposal	\$ 2,000,000	\$ 1,000,000
239	For the Biofuel Crops Program for grants to farmers, agricultural nonprofit organizations, and agricultural cooperatives for the cultivation and production of crops used to generate biofuels	1,000,000	1,000,000
321	For the Biofuel Crops Program for grants to farmers, agricultural nonprofit organizations, and agricultural cooperatives for the cultivation and production of crops used to generate biofuels	2,500,000	1,500,000
	CONNECTICUT INNOVATIONS, INC		
30	Municipal grant program for renewable energy and energy efficiency projects	50,000,000	32,000,000
98	Financial aid for biotechnology and other high technology laboratories, facilities, and equipment	5,000,000	3,000,000
105	Financial aid for biotechnology and other high technology laboratories, facilities, and equipment	1,000,000	1,000,000
	CULTURE & TOURISM		
117	Grants for the Connecticut Arts Endowment Fund for tax-exempt nonprofit organizations to be matched with private contributions	1,000,000	1,000,000
118	Grants for restoration and preservation of historic structures and landmarks, with not more than \$50,000 available to the Hebron Historical Society for restoration of Old Hebron Town Hall	600,000	237,000
140	Grants for restoration and preservation of historic structures and landmarks	300,000	300,000
190	Grants for restoration and preservation of historic structures and landmarks	300,000	300,000
139	Funding for a capital grant pool to provide grants to cultural organizations	500,000	490,000
141	For the Connecticut Arts Endowment Fund, to provide grants to be matched with private contributions for tax-exempt organizations	500,000	500,000
	ECONOMIC AND COMMUNITY DEVELOP	MENT	
37	Grant for Hartford riverfront infrastructure and improvement project	25,000,000	5,120,000
89	Grants to municipalities and nonprofit tax-exempt organizations for cultural and entertainment-related economic development projects, including museums	5,000,000	950,000
119	Grants to municipalities and tax-exempt nonprofit organizations for cultural and entertainment-related economic development projects, including museums,	8,500,000	5,000,000

	with not more than \$3,000,000 for a parking facility for the Goodspeed Opera		
	House in East Haddam, not more than \$2,000,000 for renovation of the Palace Theater in Stamford, and not more than \$1,000,000 for renovation of the Lyman Allen Museum in New London		
146	Grants to municipalities and tax-exempt organizations for cultural and entertainment-related economic development projects, including projects at museums with (1) \$1,000,000 made available for the Bridgeport Downtown Cabaret, (2) \$50,000 for capital improvements to the Augustus Curtis Cultural Center in Meriden, and (3) \$625,000 to the town of Norwalk for the Norwalk Maritime Museum	6,000,000	2,000,000
210	Energy Conservation Loan Fund (The current authorization is \$5 million annually. The act cancels \$3 million of the FY 08 authorization and the \$5 million authorizations for FY 09 and FY 10.)	5,000,000 annually	13,000,000
271	Biofuel Production Facility Incentive Program	1,100,000	1,100,000
331	Biofuel Production Facility Incentive Program	4,000,000	500,000
272	Fuel diversification grant program	2,500,000	1,000,000
273	Loans for installation of new alternative vehicle fuel pumps or converting gas or diesel pumps to dispense alternative fuels	1,000,000	1,000,000
330	Grants to municipalities for the brownfield pilot program, established in CGS 32-9cc	4,500,000	1,500,000
332	Loans for installation of new alternative fuel pumps or converting gas or diesel pumps to dispense alternative fuels	2,000,000	2,000,000
344	Loans for installation of new alternative vehicle fuel pumps or converting gas or diesel pumps to dispense alternative fuels	2,000,000	2,000,000
	OFFICE OF POLICY AND MANAGEME	NT	
26	Economic and community development project grants (Urban Act)	1,057,800,000	13,000,000
162	Grants to municipalities for development of a computer-assisted mass appraisal system in accordance with CGS 12-62f	748,500	379,000
169	Grants-in-aid to municipalities for development of a computer-assisted mass appraisal system in accordance with CGS 12-62f	748,500	748,500
234	For enhanced geospatial information systems data collection, use and mapping, including grants-in-aid to regional planning organizations	400,000	400,000
319	Grants-in-aid to municipalities for preparation and revision of municipal plans of conservation and development	500,000	200,000
320	For the Responsible Growth Incentive Fund, provided up to \$5,000,000 shall be used for grants of up to \$1,000,000 each to participating municipalities or regional planning organizations for implementation of transit-oriented plans and strategies in designated pilot program areas	10,000,000	10,000,000
	TRANSPORTATION		
29	Matching grants for commercial rail freight lines 10,00	0,000	2,500,000

# Grants to Specified Municipalities and Organizations

In addition to authorizations for projects in Bridgeport, Hartford, and New Haven that the act cancels and moves to the bond pools (see Table 2), the act also cancels all or part of the authorizations for the local projects shown in Table 5. Projects are listed by town or organization, in alphabetical order.

**Table 5: Local Grant Authorizations Cancelled** 

Sec	Grantee	For	Current  Authorization	Amount Cancelled
152	Bloomfield	Facade improvement program	\$ 500,000	\$ 250,000
170	Branford	Construction of a training tower for the Branford Fire Department	130,000	130,000
258	Bridgeport: Discovery Museum	Infrastructure renewal and expansion projects	800,000	300,000
265	Bridgeport: Barnum Museum Foundation, Inc.	Renovations at the Barnum Museum in Bridgeport	1,250,000	250,000
270	Bridgeport: Connecticut Zoological Society	Planning and development of the Andes Adventure Exhibit at the Beardsley Zoo	800,000	300,000
188	Bristol	Rehabilitation and renovation of Rockwell Park	4,000,000	1,000,000
307	Challenger Learning Center of Southeastern Connecticut	Construction of a building	850,000	850,000
172	Clinton	Renovations to the police station	250,000	250,000
312	Connecticut Public Broadcasting, Inc.	Purchase and upgrade of transmission, broadcast, production, and information technology equipment	2,500,000	500,000
269	Coventry: Antiquarian & Landmarks Foundation for the Nathan Hale Museum and Family Homestead Development Plan	Grant	1,000,000	250,000
253	Cromwell	Sewer repairs	500,000	500,000
329	Danbury: Stanley L. Richter Association for the Arts	Roof repair, expansion, and ADA improvements	150,000	150,000
260	Darien Arts Center	Infrastructure renewal projects	50,000	50,000
195	Derby	Downtown development	250,000	250,000
49	East Hartford	Road and infrastructure and improvements associated with Rentschler Field	4,500,000	1,325,000
73	East Hartford	Road and infrastructure and improvements associated with Rentschler Field	2,500,000	2,500,000
183	East Hartford	Improvements to Yanner Park	100,000	100,000
154	East Hartford: Community Renewal Team, Inc.	Purchase a building for the East Hartford Shelter	650,000	650,000
338	East Hartford: Goodwin College	Expansion or relocation of Goodwin College	6,000,000	6,000,000
187	Enfield	Lead abatement and painting at Old Town Hall	102,000	102,000
247	Enfield	Soil remediation project at Enrico Fermi High School	3,300,000	500,000
47	Fairfield	Rooster River flood control project – completion of Phase II	3,000,000	2,862,914
282	Fairfield	Repair and improvements on State Road 59 between the North Avenue and Capitol Avenue	1,000,000	850,000

		intersections, including median and sidewalk renovations		
133	Farmers Cow, LLC	Grant for business development	300,000	300,000
185	Farmington	Reconstruction of the outdoor track at Farmington High School	200,000	200,000
208	Farmington	Renovations to the Farmington Youth Center	50,000	50,000
261	Granby: Holcomb Farm	Restoration and renovation of buildings	100,000	50,000
254	Greenwich	Renovation of existing, or construction of new, exhibition areas, teaching spaces, and the science gallery at the Bruce Museum	1,500,000	500,000
174	Guilford	Costs associated with the dredging of Lake Quonnipaug	75,000	75,000
263	Hamden	Restoration of the Eli Whitney 1816 Barn	390,000	240,000
266	Hartford: Artists' Collective, Inc.	Infrastructure repairs and improvements to the existing structure	800,000	200,000
291	Hartford: Neighborhoods of Hartford, Inc.	Grant for the Hartford Rising Star Blocks and Pride Blocks programs	500,000	500,000
209	Mansfield	Installation of air conditioning at Mansfield Community Center	50,000	50,000
43	Meriden	Flood management activity	200,000	185,000
184	Meriden	Flood control project	1,000,000	1,000,000
200	Meriden	Streetscape project	250,000	250,000
277	Meriden	West Main Street streetscape project	2,500,000	500,000
300	Meriden/Wallingford branch of the American Red Cross	Building renovations, including alterations to ventilation, plumbing, and wiring systems	50,000	50,000
296	Meriden: Rushford Behavioral Health Services	Renovations and roof replacement	800,000	72,222
175	Milford	Design of Eisenhower Park	100,000	100,000
194	Milford	Devon Borough Revitalization Project	2,500,000	2,500,000
276	Milford	Streetscape improvements on Silver Sands Parkway, including lights in front of Jagoe Court	500,000	500,000
294	Milford	Design and construction of a new community health center in the Westshore area	150,000	150,000
262	Milford Historical Society	Restoration and renovation of historic property	50,000	50,000
325	Mystic	Improve transportation access at the north gate at the Museum of America and the Sea at Mystic Seaport	1,000,000	250,000
243	New Britain	Replacement of the Brooklawn Street Bridge on Willow Brook	440,000	140,000
334	New Britain	Property acquisition, design, development, and construction of a downtown redevelopment plan	400,000	400,000
155	New Britain YWCA	Improvements	100,000	50,000
310	New Britain: Pathways- Senderos Teen Pregnancy Prevention Center	Acquisition of a new facility	1,200,000	375,000
304	New Britain: Polish American Foundation	Renovations at the Sloper Wesoly House in New Britain	100,000	25,000
333	New Haven	River Street development project	2,500,000	250,000

268	New Haven Museum and Historical Society	Restoration and reconstruction of the Pardee Morris House	500,000	150,000
197	New Haven: University of New Haven	Establishment and construction of the Henry Lee Institute	2,000,000	500,000
311	New Haven: Youth Continuum	Renovations and code improvements	500,000	150,000
295	New London: Community Health Center, Inc.	Renovations and improvements at the New London facility	1,000,000	1,000,000
292	Newington	Grant for the community center	1,000,000	250,000
186	North Branford	Development and improvements to Swajchuk and Highland Parks	500,000	500,000
323	Norwalk	Harbor dredging	1,000,000	1,000,000
259	Norwalk Seaport Association	Infrastructure renewal projects	500,000	250,000
326	Norwalk: Lockwood- Mathews Mansion Museum	Infrastructure renewal projects	1,000,000	1,000,000
255	Norwalk: Stepping Stones Museum for Children	Expansion of the facility	400,000	400,000
158	Norwich: Martin House	Expand facility	700,000	200,000
339	Norwich: Martin House	Construction of efficiency apartment units	1,000,000	250,000
178	Old Lyme	Improvements to the Lyme-Old Lyme recreational fields	150,000	150,000
151	Portland	Grant for sidewalk repairs and aesthetic improvements to Main Street	125,000	125,000
147	Southington	Redevelop drive-in theater property	215,000	15,000
176	Stamford	Park restoration and infrastructure improvements	500,000	500,000
149	Stratford	Barnum Avenue streetscape project	500,000	150,000
204	Stratford	Planning and construction of the South End Community Center	1,000,000	250,000
293	Stratford	Streetscape improvements	450,000	200,000
308	Stratford	New boilers at Stratford High School	500,000	500,000
335	Vernon	Grant for conversion of Roosevelt Mill to apartments and retail	500,000	500,000
327	Torrington	Development and construction of the Warner Theater Stage House	1,000,000	250,000
181	Waterbury	Improvements to the Waterville Recreation Center	250,000	250,000
303	Waterbury	The act cancels \$500,000 of an existing \$3 million authorization for a grant to Casa Bienvenida for property acquisition in Waterbury. It also eliminates the grant to Casa Bienvenida. Instead, it requires DSS to use the remaining \$2.5 million for grants to nonprofit organizations in Waterbury for facility alterations, renovations, and improvements, including new construction, with up to (1) \$2 million for the St. Margaret Willow Plaza Neighborhood Revitalization Zone Association, Inc. and (2) \$500,000 for the Hispanic Coalition of Greater Waterbury.	3,000,000	500,000
160	Windham Community Memorial Hospital	Emergency room improvements and addition of a heliport	1,000,000	1,000,000

205	Windham County 4-H Foundation, Inc.	Building additions and renovations	500,000	500,000
156	Windham Regional Community Council, Inc.	Acquisition and improvements to a central office building in Willimantic	814,500	814,500
267	Windsor Locks: New England Air Museum	Construction of a swing space storage building and an education building	3,250,000	1,250,000

Public Act# 10-56 HB# 5372

#### AN ACT CONCERNING VISITABLE HOUSING

EFFECTIVE DATE: October 1, 2010, and the property tax abatement provision is applicable to assessment years beginning on and after that date.

**SUMMARY:** This act authorizes DECD, in consultation with the CHFA, to establish a program that encourages Connecticut developers to build residential homes that are easy for people with disabilities to visit (commonly known as visitable housing). It defines "visitable housing" as one-to-four family residential housing with "visitable features," which are (1) interior doorways that provide a minimum 32-inch wide clear opening, (2) at least one accessible means of egress, and (3) at least one full or half bathroom on the first floor that complies with the Americans with Disabilities Act of 1990, as amended.

The act exempts developers from a requirement to obtain a State Building Code variance or exemption to construct visitable homes. And it authorizes municipal legislative bodies to adopt ordinances giving these developers a property tax abatement.

Within available appropriations, the act requires DECD to establish an informational webpage in a conspicuous place on its website that provides links to available visitable housing resources.

#### VISITABLE HOUSING PROGRAM

The act permits DECD to establish a program to encourage visitable housing development. The program must (1) provide a single point of contact for any person seeking state financial or technical assistance to construct visitable housing, (2) identify financial incentives for developers constructing such housing, and (3) include public education.

If DECD establishes the program, it must submit a report on its status to the Housing Committee by October 1, 2012.

#### **BACKGROUND**

State Building Code

The State Building Code applies to building construction in all towns, cities, and boroughs in Connecticut (CGS 29-253). It contains provisions concerning accessibility to, and use of, buildings

and structures by people with disabilities, but no visitability provision. A developer must apply for a variation or exemption if a building design conflicts with accessibility requirements in the State Building Code. The State Building Inspector and the Office of Protection and Advocacy director may approve a variation of, or exemption from, any standard or specification when they jointly determine that it would not be feasible or would unreasonably complicate the construction in question (CGS § 29-269).

Public Act# 10-64 SB# 118

#### AN ACT CONCERNING CONNECTICUT QUALIFIED BIODIESEL PRODUCER GRANTS

EFFECTIVE DATE: Upon passage

**SUMMARY:** This act qualifies entities intending to actively produce or store and distribute biodiesel fuel for grants from the Connecticut Qualified Biodiesel Producer Incentive Account, which is administered by DECD. Prior law limited the grants to entities actively producing or storing and distributing this fuel.

The grants for producers are based on the amount of fuel produced according to a statutory schedule. The act substitutes a reduced grant schedule when funds fall below specified amounts.

Finally, the act requires the DEP commissioner to sell carbon dioxide allowances from a separately established account to combined heat and power (CHP) generators that meet specific conditions and sets the price of these allowances.

#### **BIODIESEL PRODUCER GRANTS**

#### **Production Grants**

By law, the grants are (1) 30 cents per gallon for the first five million gallons produced, (2) 20 cents per gallon for the second five million gallons, and (3) 10 cents per gallon for the third five million gallons. There are no grants for production over 15 million gallons. Under the act, if the available funds are (1) \$200,000 or less, the grant limit is 20 cents per gallon and (2) \$100,000 or less, the grant limit is 10 cents per gallon.

#### One-time Grants

Prior law also provided one-time grants to biodiesel fuel producers to buy equipment and construct, modify, or retrofit a facility. The grants were up to \$3 million or 25% of the equipment or construction cost, regardless of the number of facilities the producer owned. The act limits these grants to entities not yet actively producing biodiesel; applies them specifically to the initial purchase of equipment or the construction, modification, or retrofitting of production facilities; and removes the 25% cap. It also specifies that DECD cannot administer grants as a reimbursement program.

DECD, in consultation with the person or entity selected to implement the grant, must award the grant to such a qualified biodiesel producer if it has a contract or an approved application pending with the department, person, firm, corporation, or entity as of the act's passage.

#### Documenting Compliance for Grant Funding

By law, the DECD commissioner must determine monthly grants based on production, which she or the entity selected to administer the grants must certify. The act requires biodiesel producers to provide the DECD commissioner with a certificate of analysis documenting compliance with the specifications of the American Society for Testing and Materials (ASTM) designation D6751 (see BACKGROUND), including Tier II fuel quality protocol accepted by the consumer protection commissioner.

#### Connecticut Qualified Biodiesel Producer Incentive Account

The incentive account is a separate, non-lapsing General Fund account. DECD must use money from the account to (1) provide grants to qualified Connecticut biodiesel producers and distributors and (2) administer the grant program.

The act also allows the account to contain money from any state agency or federal department or agency. It prohibits termination of the account for lack of funds.

### **Grant Application Requirements**

The act specifies the criteria for fulfilling certain grant application requirements. By law, applicants must provide satisfactory documentation that the biodiesel has a net carbon energy benefit when compared to the fuel it will replace, and any other information DECD deems necessary to ensure that grants are made only to qualified biodiesel producers. The act requires producers to meet these requirements by providing the DECD commissioner with a certificate of analysis documenting compliance with the specifications of ASTM designation D6751, including Tier II fuel quality protocol accepted by the consumer protection commissioner.

#### SALE OF CARBON DIOXIDE ALLOWANCES

Connecticut participates in the Regional Greenhouse Gas Initiative, which restricts the amount of carbon dioxide (CO<sub>2</sub>) that electric generators in northeastern states produce. Under the initiative, generators comply with this cap by buying and selling allowances to emit CO<sub>2</sub>. The majority of CO<sub>2</sub> allowances issued by each participating state are distributed through quarterly auctions. DEP has set aside some of Connecticut's allowances in a separate account for combined heat and power (CHP or cogeneration) units that sell their power under long-term agreements.

The act requires the DEP commissioner to sell allowances from this account to CHP generators that meet specific conditions and sets the price of these allowances. It requires that she sell the allowances to CHP generators covered by the initiative that operate under long-term purchase power agreements executed before January 1, 2001 under which the generator (1) cannot pass along the additional operating costs resulting from implementing DEP regulations governing CO<sub>2</sub> emissions to the party

that buys the electricity and (2) certifies that it cannot recover the costs of CO<sub>2</sub> allowances by participating in electricity markets.

Under the act, DEP must sell the allowances by June 1 in 2012, 2013, and 2014. The price of each allowance must be \$2.02 adjusted for inflation using an August 2008 base.

#### **BACKGROUND**

#### **Producer Grant Application Requirements**

Applicants for grants must apply no later than 15 days after the last day of the month for which the grant is sought. The application must include:

- 1. the producer's location,
- 2. the number of Connecticut citizens the producer employed in the preceding month,
- 3. the number of gallons of biodiesel produced during the month for which the grant is sought,
- 4. a copy of the producer's Connecticut registration,
- 5. satisfactory documentation that the biodiesel has a net carbon energy benefit when compared to the fuel it will replace, and
- 6. any other information DECD deems necessary to ensure that grants are made only to qualified biodiesel producers.

# Distributor Grants

By law, distributors qualify for grants up to \$50,000 for each distribution site. These grants may be for the actual monthly costs of creating biodiesel storage and distribution capacity, but cannot be used to buy equipment or build, modify, or retrofit facilities. DECD, in consultation with the entity it selects to implement the grant, must create an application process and adopt guidelines to administer this grant.

### ASTM Designation D6751

ASTM is an international voluntary standards development organization. Designation D6751 covers certain biodiesel fuel blend stock for use as a blend component with middle distillate fuels. The biodiesel must be mono-alkyl esters of long chain fatty acids derived from vegetable oils and animal fats. The product must undergo chemical analysis for various substances.

#### Related Act

PA 10-74 (1) reduces the maximum allowable sulfur content in heating oil and (2) establishes biodiesel blending requirements for such oil. It reduces the heating oil sulfur standard from 3,000 parts per million (ppm) to 50 ppm beginning July 1, 2011, and to 15 ppm beginning July 1, 2014. The act defines "heating oil" as heating fuel meeting ASTM standard D396 or ASTM standard D6751.

The biodiesel blending requirements begin at 2% in 2011, increasing in steps to 20% by 2020, if certain conditions are met. The act provides for a waiver from these requirements.

The maximum allowable sulfur content and the biodiesel blending provisions do not take effect until Massachusetts, New York, and Rhode Island each have adopted substantially similar requirements.

The act establishes a Distillate Advisory Board within the Department of Consumer Protection (DCP), with members appointed by the DCP commissioner.

Public Act# 10-75 HB# 5435

# AN ACT CONCERNING THE RECOMMENDATIONS OF THE MAJORITY LEADERS' JOB GROWTH ROUNDTABLE

EFFECTIVE DATE: Various, see below

SUMMARY: This act authorizes programs and policies for establishing or expanding businesses and creating jobs. It authorizes up to \$5 million in bonds for developing new business concepts (pre-seed financing). It also authorizes credits for investing in technology-based start-up businesses (angel investment tax credits) and expanding businesses, including those using green technologies (insurance reinvestment tax credits).

The act also authorizes funding and technical assistance for established businesses. It taps up to \$15 million in bonds from an existing authorization to provide loans and lines of credit for small businesses, provides technical assistance for all businesses seeking foreign markets for their goods and services, and authorizes financial incentives and technical assistance for businesses developing alternative energy technologies. It authorizes up to \$500,000 in bonds to fund the technical assistance. It creates a council to continuously assess the state's strategic business clusters and recommend how to address their needs.

The act also addresses workforce needs. It authorizes tax credits for businesses hiring new employees, including those with disabilities. It provides loan reimbursements and grants to Connecticut students seeking jobs in alternative energy technology and other related fields funded by transferring \$3 million from the quasi-public Connecticut Health and Educational Facilities Authority to the General Fund. The act authorizes up to \$1 million in bonds for programs to train unemployed people and up to \$1.5 million bonds for the existing Mortgage Crisis Job Training Program.

Besides authorizing new policies and programs for developing businesses and creating jobs, the act addresses government operations. It establishes a task force to boost government efficiency and eliminate waste and requires the Office of Fiscal Analysis to inform the legislature about the resources needed to determine how acts affect the economy's capacity to create and retain jobs.

Although the act authorizes several new tax credits, it sunsets those for (1) donating computers to public and private schools, (2) constructing new facilities housing financial institutions, and (3) paying Small Business Administration guaranty fees. It repeals these credits for income years beginning on or after January 1, 2014.

### Sections 12 & 13 — Pre-Seed Funding

The act provides investment capital for businesses in different stages of development. It requires Connecticut Innovations, Inc. (CII) to provide capital and support services to businesses developing new concepts. It authorizes \$5 million in general obligation (GO) bonds for these purposes and establishes a nonlapsing General Fund account to receive the bond proceeds.

A business qualifies for financing and technical support if it is principally located in Connecticut and at least 75% of its employees work here. It must also show that it received private investments that equal at least half the state funds it seeks. Under the act, the business qualifies for up to \$150,000, which it may use only to prove new concepts (pre-seed financing).

The act allows CII to run the program itself or through a nonprofit corporation providing services and resources to entrepreneurs and businesses. If CII chooses the latter, it must enter into a personal services agreement with the corporation.

EFFECTIVE DATE: July 1, 2010

### Section 15 —Credits for Angel Investors

Tax Credit

The act authorizes personal income tax credits for people who invest at least \$100,000 in start-up, technology-based businesses in Connecticut (angel investors). Each credit equals 25% of the cash investment, up to \$250,000. CII must administer the credits as the act provides. It may reserve no more than \$6 million in credits per year in FY 11 through FY 13 and no more than \$3 million in FY 14. CII may reserve no credits after July 1, 2014.

#### Eligible Investors

CII may allocate credits to qualified angel investors, who are individuals or groups that usually invest in a business where they can help foster its development, usually as a consultant or mentor. Under the act, an angel investor can be a person who qualifies as an "accredited investor" under Security and Exchange Commission (SEC) rules or a network of people. (Accredited investors are typically upper-income, high-net-worth individuals and entities.) But they do not include:

- 1. individuals who control 50% or more of the business receiving the investment;
- 2. venture capital companies; or
- 3. banks, bank and trust companies, insurance companies, trust companies, national banks, savings and loan associations, or building and loan associations for activities that are part of their normal business operations.

#### Businesses Eligible for Angel Investments

Under the act, a business qualifies for angel investments if it focuses on bioscience, advanced materials, photonics, information technology, clean technology, or an emerging technology, as determined by the DECD commissioner. The business must also have its principal place of business in Connecticut and:

- 1. gross revenues under \$1 million in its most recent income year;
- 2. fewer than 25 employees, at least 75% of whom are Connecticut residents;
- 3. operated in Connecticut for less than seven consecutive years; and
- 4. received less than \$2 million in eligible investments from angel investors.

Lastly, the business' managers and their families must be the primary owners and, as described below, the business must have been identified by CII as eligible for angel investment.

#### Applying for Investment Credits

The act creates a mechanism connecting eligible businesses and potential angel investors. The mechanism is a list of such businesses CII must maintain and make available to angel investors. A business that wants to be placed on the list must apply to CII, which must determine if it qualifies. CII may add the business to the list if it provides:

- 1. its name and a copy of its organizational documents;
- 2. a plan describing the business and its management, product, market, and financial plans;
- 3. a description of its innovative and proprietary technology, product, or service;
- 4. a statement of its potential economic impact, including the number, types, and location of jobs it expects to create;
- 5. a description of the qualified securities it offers, their cost, and the amount of cash investment sought;
- 6. the amount, timing, and projected use of the proceeds from the sale of these securities; and
- 7. any other information CII requires.

CII's executive director must compile the list monthly, beginning by August 1, 2010. The list must categorize the businesses by the amount of cash investments sought and the type of qualified securities offered.

#### Accessing the Credits

An angel investor who wants tax credits for investing in a listed business must first apply to CII for them. In doing so, the investor must identify the business and the amount it proposes to invest. If the investor qualifies as an angel investor, CII may reserve credits for an amount based on the act's criteria (i.e. 25% of the cash investment, up to \$250,000).

The investor may claim the credit only for actual cash investments in the business' qualified securities, which can be any form of equity, including general or limited partnership interests, any type of common stock, or preferred stock with or without voting rights and without regard to seniority position that must be convertible into common stock.

# Claiming or Transferring Credits

An angel investor can claim credits up to the total income tax it owes in a given year. And it must do so in the same year it invested the funds. It can carry forward unused credits for up to five succeeding years, but not transfer them to other taxpayers. Nor can it claim them against that portion of the wages an employer must withhold from an employee's wages for income taxes.

Although the credits apply only to personal income taxes, businesses qualifying as angel investors may still claim them if they are not liable for business taxes, such as the corporation business tax. Because people who own or invest in these businesses do not pay business taxes, they must pay personal income taxes on the income they derive from the business. These businesses are usually organized as S corporations, partnerships, or limited liability companies.

Under the act, the credits allocated to an S corporation may be claimed by the shareholders or partners. Those allocated to a single-member limited liability company disregarded as an entity separate from its owner, may be claimed only the owners.

#### Credit Evaluation

The act requires CII to review the credit's effectiveness but specifies no criteria for doing so. CII must complete the review by July 1, 2014 and report the findings to the Commerce Committee.

EFFECTIVE DATE: July 1, 2010 and applicable to tax years beginning on or after January 1, 2010.

# Section 14 — New Insurance Reinvestment Fund Program

#### Leveraging Mechanism

Just as the act uses tax credits to leverage private capital for start-up technology-based businesses, it also uses them to leverage private capital for established businesses. But it does so through a different mechanism. Instead of using CII to match investors and businesses, the act uses privately operated, state-certified investment funds to identify and market investment opportunities to business investors. The funds must be certified by DECD and meet performance standards.

The act models this mechanism on the existing Insurance Reinvestment Tax Credit Program, whose phase-out the act accelerates. The mechanism consists of (1) state-certified business investment funds, (2) businesses eligible to receive the funds' investments, and (3) business taxpayers that invest in the funds, for which they receive tax credits and returns on their investments.

The existing mechanism offers insurance premium, corporation business, and personal income tax credits to taxpayers that invest in insurance businesses through a state-certified fund. The taxpayers may claim the credits or transfer them to other investors. Either way, a portion of the credits may be claimed only over 10 years according to a statutory schedule. And those holding the credit may claim it only if the insurance business receiving the investment (1) developed a new facility, (2) occupies it over the 10-year period, and (3) employs at least 25% of its workforce in new jobs. The taxpayers must forfeit or repay the credits if the business fails to meet specific performance standards.

The new program has the same elements, but matches different investors and businesses. Because the act's tax credits apply only to the insurance premium tax, only insurance companies can invest in a state-certified fund and claim the credits. But the fund can invest in any Connecticut-based business, not just insurance companies, as under the existing program. The fund's insurance company investors qualify for credits if the fund invests in a business that:

- 1. employs fewer than 250 people when it received the investment;
- 2. netted no more than \$10 million in the previous year; and
- 3. conducts it principal operations in Connecticut, that is, at least 80% of its workers live here or 80% of its payroll goes to Connecticut residents (i.e. "Connecticut-based business").

The investors may carry forward unused portions of the credits, but cannot transfer them to other taxpayers.

While the existing program imposes performance standards on insurance companies receiving the investments, the new program imposes them on the investment fund. If a fund fails to meet the standards, investors risk forfeiting unclaimed credits. The act imposes a \$40 million annual cap and a \$200 million aggregate cap on the amount of credits investors can claim under the new program.

#### Eligible Funds

The act uses insurance premium tax credits to leverage private investments in Connecticut-based businesses. But insurers can access the credits only through state-certified "insurance reinvestment funds." A fund qualifies for certification if it is a Connecticut partnership, corporation, trust, or limited liability company. It can be organized on a for-profit or nonprofit basis, but must be managed by at least two principals or people each of whom has at least four years of experience managing venture capital or private equity funds with at least \$50 million invested by people unaffiliated with the fund's manager.

The fund must obtain capital from other investors besides the insurance companies. It meets this requirement under the act if the equity from other investors comprises at least 5% of the capital

invested by the insurers. The fund must be closed to additional investments and investors after it applies to the DECD commissioner for certification as an insurance reinvestment fund.

The fund must operate independently of its insurance company investors. The investors cannot control the fund, which would happen under the act if each company invests over \$40 million and can vote over half of the fund's equity interest. But they can take interim control if the fund breaches any payment obligation or contractual agreement affecting their ability to claim credits.

# Eligible Investors and Investments

As noted above, only taxpayers liable for insurance premium taxes qualify for the act's credits. A taxpayer qualifies for them only if it invests cash in an approved insurance reinvestment fund (i.e. credit-eligible capital). The cash investment must fully pay for an equity interest in the fund or an eligible debt instrument, at par or at a premium, the fund issued.

#### A fund's debt instrument cannot:

- 1. mature less than five years after it is issued;
- 2. repay the debt faster than paying the principal in equal installments over five years; or
- 3. base interest, distribution, or other payments on the fund's profitability or investment success.

The company's ability to claim the credits depends on how the fund invests the company's dollars. The fund may invest these dollars only in eligible, Connecticut-based businesses. And, it may invest no more than 15% of the credit-eligible capital in one business without the commissioner's prior approval. The fund may invest this capital in bank deposits, certificates of deposit, or other fixed income securities. (Presumably, a fund would do so until it is ready to invest the capital in an eligible business. The act does not specify how the fund must account for the interest income these investments earn.)

#### Fund Certification

Insurance companies qualify for credits only if they invested in a certified insurance reinvestment fund. To be certified, the fund must submit an application to DECD that:

- 1. indicates the amount of capital the fund will raise,
- 2. includes an affidavit from each investor committing investments to the fund,
- 3. includes a nonrefundable \$7,500 application fee,
- 4. contains evidence that the fund qualifies as an insurance reinvestment fund,
- 5. commits the fund to invest at least 25% of the credit-eligible capital in "green technology businesses," and

6. commits the fund to invest at least 3% of the credit-eligible capital in pre-seed investments within three years after the fund was fully capitalized by insurance companies seeking credits.

The act specifies criteria for determining green technology businesses and requirements for making pre-seed investments. Under the act, a green technology business is one in which at least 25% of the jobs use or develop "green technology," which the act does not define. These jobs may include those corresponding to green technology occupational codes devised by DECD and the Labor Department. The act also requires funds to make their pre-seed investments in consultation with CII's pre-seed financing program, which the act requires CII to establish (see sections 10-11, above).

The application must also include a plan describing how the fund intends to invest the credit-eligible capital. The plan must:

- 1. estimate the share of credit-eligible capital the fund plans to invest by third, fifth, seventh and ninth years following the date on which it was fully capitalized by the credit-eligible capital;
- 2. identify the types of businesses targeted for investment and their respective share of the taxpayers' investment dollars;
- 3. estimate the share of credit-eligible capital going to businesses engaged in research and development or manufacturing, processing, or assembling technology-based products;
- 4. specify the number of jobs the fund expects to create or retain after the fund has invested all of the credit-eligible capital; and
- 5. show that the credit-eligible capital will generate tax revenue that equals or exceeds the credits' value ("revenue estimate").

The fund may prepare the revenue estimate unless the commissioner requires a third party to do so.

As discussed below, the fund must comply with its investment plan or risk decertification, which could jeopardize its investors' unclaimed credits. But it can, with the commissioner's approval, change its plan because of unavoidable or reasonably unexpected changes, including economic changes; technological advances; high employment; and opportunities for revenue growth. The commissioner cannot unreasonably withhold approval. The DECD commissioner must begin accepting applications by July 1, 2010.

#### Credit Allocation

The act requires DECD to approve applications, including credit allocation plans, on a first-come, first-served basis. If DECD receives several applications on the same day, it must approve them simultaneously.

When applying for certification, the fund must also ask DECD to reserve tax credits for an amount equal to the credit-eligible capital. If the commissioner reserves the requested amount, she does so contingent on the fund's investors actually investing the amounts indicated in the application. The

investors have five days from the fund's certification to invest the amounts, and the fund manger must confirm that investment on a form the commissioner provides.

The fund must also notify the commissioner by overnight common carrier delivery service if any investor fails to invest the committed amount. In such case, the investor forfeits its credit allocation, which the commissioner must reallocate to the other insurance company investors. The investor and the fund must each pay a \$25,000 administrative penalty.

# Continuing Certification

As noted above, insurance company investors may claim the credits over 10 years according to the act's schedule. Their right to do so depends on whether the fund meets its annual investment goals. The act provides a mechanism for determining if it did. The mechanism consists of performance standards the fund must meet, annual performance reports and DECD reviews, and, depending on the outcome of those reviews, fund decertification, and credit forfeiture.

*Performance Standards*. The act's performance standards address the rate at which a fund invests its credit-eligible capital, the share of capital it must invest in certain types of businesses, and the state revenue its investment generates. The fund must meet its own investment schedule, as specified in the business plan it included in its application for certification. It must also show that its business investments generate tax revenue that at least equals the credits' value.

In addition, the fund must invest at least:

- 1. 60% of its credit-eligible capital in eligible businesses within four years after DECD approves its credit allocation and
- 2. 100% of the funds within 10 years of that date.

It must also invest in certain types of businesses. By the tenth year, it must invest at least 25% of the credit-eligible capital in green technology businesses.

Annual Performance Reports and Commissioner Reviews. By every January 31, each fund must submit a performance report to the commissioner showing:

- 1. the year-end balance for credit-eligible funds;
- 2. each business receiving investments in the prior year, including its location and industry classification code;
- 3. the percentage of credit-eligible funds invested in green technology businesses; and
- 4. distributions or payouts the fund made during the previous year.

The annual reports for the third, fifth, seventh, and ninth year must also show if the fund (1) is investing credit-eligible capital at the rate it projected in its business plan and (2) generating tax

revenues that at least equal the credits' value. Besides these reports, each fund must also submit its annual audited financial statements to the commissioner.

Decertification. The commissioner must review the annual reports to determine if a fund is complying with its investment targets and the act's distribution rules. She may decertify a fund if it fails to submit the reports, meet its targets, or comply with the distribution rules. Before doing so, the commissioner must notify the fund's officers in writing that she can decertify the fund after 120 days unless she waives the deficiencies or the fund corrects them.

Forfeiting Credits. The act specifies when decertification triggers forfeiture. A fund's insurance company investors must automatically forfeit future unclaimed credits if:

- 1. the commissioner decertifies the fund within four years after she reserved the credits and
- 2. the fund invested less than 60% of the eligible capital by the fourth year after the reservation date.

When these conditions trigger forfeiture, the commissioner must notify each investor in writing that it must forfeit or recapture the credits. It is not clear if the commissioner can order recapture because the act does not authorize it. Recapture requires taxpayers that claimed credits to repay some or all of them. The law allows recapture under the existing Insurance Reinvestment Act program.

#### Distributions

A fund cannot begin paying investors returns on investment (i. e. , distribution payments) until it meets specific requirements. The fund must have invested all of the credit-eligible capital in eligible businesses, with at least 25% of the amount invested in green technology businesses. The businesses receiving the investments must still be primarily operating in Connecticut when the fund distributes the dollars. But the act specifies conditions under which the fund may distribute funds before it meets these standards.

- 1. The fund may do so if the way it is owned, managed, or operated affects its earnings or other tax liabilities to the point where the equity owners must pay additional federal or state taxes, including interest and penalties.
- 2. The fund may also distribute funds to make principal and interest payments on its debt. But, if it does so, the total value of the fund's cash and other marketable securities plus its cumulative investment in eligible businesses must equal at least 60% of its credit-eligible capital.
- 3. Lastly, the fund may distribute funds to cover the reasonable costs and expenses of forming, syndicating, managing, and operating the fund as long as it does not distribute or pay funds directly or indirectly to an insurance company investor.

Reasonable costs and expenses for organizing and operating the fund include accounting, legal, and other related professional services and annual management fees up to 2.5% of the fund's crediteligible capital.

Although the fund receives no state investment dollars, the act specifies conditions under which it must include the state in a distribution. The fund must include the state whenever it:

- 1. distributes funds to credit-eligible investors for reasons other than those cited above and
- 2. failed to create or retain at least 80% of the number of jobs specified in its business plan.

The money the state must receive depends on the extent to which the fund missed the job goals. The state must receive:

- 1. 10% of any distribution if the number of jobs that were actually created or retained falls between 80% and 60% of the planned totals and
- 2. 20% when the number is 60% or less of those totals.

These requirements do not apply when the fund distributes returns to those investors who do not qualify for tax credits.

Insurance Premium Tax Credits

The credits under the new component apply only to the insurance premium tax and equal 100% of an insurance company's investment in a fund. The company must claim the credits over 10 years, beginning in the fourth year after it invested in the fund. It can claim up to 10% of the credit per year in years four through seven, inclusive, and 20% per year in the last three years. As under the existing program, the company may carry unused credits forward for up to five years.

Companies may claim the credits under the same rules that apply under the existing program. These address how companies submitting a combined return may claim the credits.

Lastly, companies claiming credits under the act cannot claim the other credits the law allows for same investment.

EFFECTIVE DATE: July 1, 2010

### Section 14 — Changes to Existing Insurance Reinvestment Act Program

The act pushes up the deadline for allocating credits under the existing program and limits investors' ability to claim allocated ones. As noted above, the program provides business and personal income tax credits for investing in an insurance business. Investors may obtain these credits only through a DECD-registered insurance reinvestment fund. Further, they may claim only a specified portion of the credit total over 10 years and may do so only if the business develops a new facility; creates new jobs; and, during the 10-year period, continues to occupy the facility and retain those jobs. The business must annually certify to DECD that it meets these requirements.

Under prior law, DECD's authority to allocate credits expired on July 1, 2015. The act pushes up the expiration date to June 30, 2010 by prohibiting DECD from issuing new eligibility certificates after

that date. Presumably, DECD may continue issuing certificates of continued eligibility to businesses that received their initial certificates before that date.

The act temporarily lifts the ban on allocating credits to funds formed after July 1, 2000 until June 30, 2010, the date on which DECD's authority to issue eligibility certificates expires. But it also ties an investor's ability to claim the credits to the fund's investment rate. In doing so, the act implicitly distinguishes between established funds that have received DECD's certificates of continued eligibility from newly formed ones that have not. Investors accessing credits through established funds may claim them only if the fund invested at least \$1 million by July 1, 2011.

Newly formed funds must also meet this investment threshold and prove that they did so. A fund must provide the proof by June 30, 2011; otherwise, the commissioner must revoke its eligibility certificate. The proof may include canceled checks, wire transfers, investment agreements, or other documentation that satisfies the commissioner.

The act tightens the eligibility criteria an insurance business must meet to qualify for credit-eligible investments. It specifies that Connecticut residents must hold the new jobs the business creates and retains. Under prior law, a business met the job requirement if it employed at least 25% of its workforce in new jobs, which by law must be one that did not exist in the business when it applied for its initial certification. The jobs must be held by new employees, excluding those the business reassigned from another facility.

Lastly, the act specifies that investors who received credits before January 1, 2010 may carry them forward as the law allows. This provision applies to investors and taxpayers to whom they transferred the credits.

EFFECTIVE DATE: July 1, 2010.

#### BUSINESS DEVELOPMENT

The act also provides different types of financial and technical assistance to established businesses and provides forums for identifying and addressing the state's strategic business needs.

#### Sections 6, 7, & 31 — Small Business Loans

The act establishes a revolving loan program for small businesses and nonprofit organizations (the Connecticut Credit Consortium) and funds it tapping up to \$15 million in previously authorized bonds for the Manufacturing Assistance Act (MAA) program. The DECD commissioner must administer the consortium, under which she may provide up to \$500,000 in direct loans and lines of credit to businesses and nonprofit organizations employing fewer than 50 people. She must establish guidelines and eligibility criteria. The act imposes a \$15 million cap on the total amount of loans and lines of credit the commissioner can provide.

The act establishes a separate, nonlasping General Fund account and requires the bond proceeds to be deposited there. Although the act funds the program with bonds issued under the MAA statutes, it exempts the loans and lines of credit from (1) MAA eligibility criteria and procedural requirements and (2) the law imposing penalties on businesses receiving state economic development dollars that

leave the state before repaying them. The act also requires loan fees and principal and interest payments to be credited to the fund and used for additional loans and lines of credit.

DECD must report on the program's performance in its comprehensive annual report to the legislature. It must specify the number of applications it received and approved, the size of the applicants, the amount of assistance it provided, and the amount repaid.

EFFECTIVE DATE: July 1, 2010

### Section 18 — Manufacturing Assistance Act (MAA) Expansion

The act authorizes the DECD commissioner to use MAA funds to support exporting. Prior law allowed her to use these funds to create and support organizations that provide technical and engineering services to businesses. The act allows her to create and support activities, as well as organizations, that leverage federal resources that provide export services.

The act specifically allows the commissioner to use MAA funds to promote exporting, including sponsoring export support programs, helping companies access U. S. Department of Commerce export assistance services, and providing export-related marketing materials and website improvements. Lastly, the act makes export assistance eligible for MAA funding. The act's changes also allow the commissioner to use regional economic development infrastructure funds to support exporting (CGS 32-327 (4)).

EFFECTIVE DATE: July 1, 2010.

#### Section 17 — DECD Commissioner Business Development Powers and Duties

The act directs the commissioner to take specific actions in certain policy areas.

Exports, Manufacturing, Clusters, and Regulatory Assistance. The act requires her to take more steps to promote exports and manufacturing by assigning enough available staff to (1) provide technical assistance to businesses regarding exporting and manufacturing, (2) help groups of businesses in the same industry implement policies designed to improve their overall competitiveness (i.e. cluster-based initiatives), and (3) help businesses understand regulatory requirements. She must do these things by reallocating funds from other DECD accounts and programs.

Marketing and Technology Development. The act requires the commissioner to develop a marketing campaign that promotes Connecticut as a place of innovation. It also requires her to implement a 2000 agreement with Massachusetts to promote the biomedical device industry in the Connecticut River Valley region between Hartford and Springfield (i.e. the New England Knowledge Corridor). The commissioner must complete both tasks by reallocating funds from other DECD accounts and programs.

Applying for Federal Funds. Lastly, the act requires, rather than allows, the commissioner to apply and qualify for and accept, federal funds related to economic development. It also requires her to describe what she did to secure these funds in her comprehensive annual report to the legislature.

EFFECTIVE DATE: July 1, 2010

#### Section 11 — Renewable Energy Sales and Use Tax Exemption

The act exempts from the sales and use tax items sold, stored, used or consumed in the renewable and clean energy technology industries. These industries produce, improve, or develop solar energy electricity generating systems, passive or active solar water or space heating systems, and wind power electric generation systems and related equipment. The exemption applies to machines, equipment, tools, materials, supplies, and fuel sold, stored, used, or consumed in these industries.

The law already exempts the sale and use solar energy electricity generation, passive or active solar water or space heating, and geothermal resource systems, including related equipment and their installation.

EFFECTIVE DATE: July 1, 2010 and applicable to sales occurring on or after that date.

#### Sections 29-30 — Green Manufacturing Pilot Program

The act authorizes \$500,000 in bonds with up to 20-year terms for a pilot program to help manufacturers convert their facilities into green operations or implement energy efficiency measures by using lean manufacturing strategies. Manufacturers qualify for assistance if they are principally located in Connecticut and have fewer than 250 employees, at least 75% of whom work here.

DECD must implement the program. It may contract with a third party to provide services to eligible manufacturers. The services may include increasing operational efficiencies, reducing wasteful practices and processes, and engaging managers and workers in practices that improve service delivery.

EFFECTIVE DATE: July 1, 2010

#### Sections 19 & 20 —Connecticut Competitiveness Council

Organization. The act establishes a 21-member council to promote the state's industry clusters. The members include specified state officials and representatives of different sectors appointed by the governor and legislative leaders. The state officials are the governor and the six legislative leaders or their designees; the labor, transportation, developmental services, and higher education commissioners; and the Office of Workforce Competitiveness executive director. The governor appoints the chairperson.

As Table 1 shows, the governor and legislative leaders must appoint representatives of specific sectors.

Table 1: Appointed Members of Connecticut Competitiveness Council

Sector	Total Number of  Representatives	Appointing Authorities and Number of Appointments
Business	5	Governor: 3
		House minority leader: 1
		Senate minority leader: 1
Organized Labor	2	House speaker: 1
		Senate president pro tempore: 1
Academic	2	House majority leader: 1
Institutions		Senate majority leader: 1

The council's business representatives must be chief executive officers or chief operating officers or people holding an equivalent position. They must come from key industry clusters and large and small firms.

*Terms and Vacancies*. The appointed members serve four-year terms, except for five of the initial members, who serve only two-year terms. Those serving initial two-year terms are the members appointed by the governor and the House majority and minority leaders. Each appointing authority must fill any vacancy, and the person filling the vacancy must serve for the balance of the term. The members serve without compensation, but are reimbursed for necessary expenses while performing their duties. The council must meet at least quarterly. A majority of the members constitutes a quorum.

*Purpose*. The council's major purpose is to promote the formation of industry clusters—groups of businesses providing the same products or services, using similar processes and techniques, having similar workforce needs, and buying mostly the same types of supplies and support services. (DECD has designated nine clusters: aerospace components manufacturing, agriculture, bioscience, insurance and financial services, maritime, metal manufacturing, plastics and plastics manufacturing, software and information technology, and tourism.)

The council must help businesses form clusters and use them to address their strategic needs and monitor, assess, and evaluate their activities. The council must also help state officials develop and implement policies supporting clusters. Specifically, it must:

- 1. recommend how clusters should be defined;
- 2. advise and assist legislators and executive branch officials, as well as businesspeople, on economic competitiveness, industry clusters, and economic development; and

3. develop medium- and long-term strategies for enhancing clusters' development and economic competitiveness.

To perform these tasks, the act authorizes the council to obtain any assistance and data it needs from any state entity. It also authorizes the council to obtain funds from any source and other resources needed to fulfill its mission, which it must do in compliance with the rules governing these funds and resources. Lastly, council can do other things needed to fulfill its statutory purposes and objectives.

*Report.* The council must report annually to the governor, the DECD commissioner, and the Commerce Committee on the competitiveness of the state's industry and economy, beginning January 1, 2011.

Innovation Network Task Force. The act substitutes its Connecticut Competitiveness Council for the Governor's Competitiveness Council as advisors to a 2005 interagency group formed to recommend a plan and budget for establishing an innovation network. Governor Rowland's 1998 Executive Order 13 created The Governor's Competitiveness Council to promote, among other things, the development of industry clusters. Governor Rell's 2009 Executive Order 24 eliminated the council along with several other advisory bodies.

EFFECTIVE DATE: July 1, 2010

#### WORKFORCE DEVELOPMENT

The act authorizes several programs to create jobs and ensure that the workers have the skills needed to fill them. These include tax credits for creating jobs, incentives for students majoring in specific fields, authorization for creating short-term training programs, and funds for an existing job training program.

#### Sections 8 & 10 — Small Business Job Creation Tax Credit

Applicable Taxes. The act authorizes insurance premium, corporation business, and personal income tax credits for small businesses (fewer than 50 employees in Connecticut) creating new full-time jobs. Businesses qualify for the credits only for jobs they create between January 1, 2010 and December 31, 2012. The act imposes a combined \$11-million-per-year cap on these credits, the vocational rehabilitation job creation credits it creates (sec 9), and those authorized under the existing job incentive tax credit program (CGS 12-217ii).

*Credit Amount*. The act authorizes three-year credits for small businesses that create new, full-time jobs filled by new employees who reside in Connecticut. The maximum credit is \$200 per month per new employee.

Businesses can apply the credits against the insurance premium, corporation business, or personal income tax, but not the withholding tax. The existing job creation tax credit applies only to the insurance premium and corporation business tax. Depending on how they are organized, some businesses do not pay business taxes, but their owners pay personal income taxes on the income they received from the business. The act allows these taxpayers to claim credits against the income tax, but specifies that the value of the credits cannot exceed the tax owed.

Businesses claiming the act's credits for hiring new employees cannot count these employees toward other credits the law allows, including those authorized under the job incentive and the enterprise zone (CGS 12-217) programs.

Qualifying For the Credit. Businesses qualify for a credit if they create a new job and hire a new employee who lives in Connecticut to fill it. The job and the employee must meet specific criteria. The job must require the new employee to work at least 35 hours per week on a regular, full-time basis for at least 48 weeks per calendar year. New temporary or seasonal jobs do not count toward the credit.

Under the act, a business cannot count as a new employee someone who:

- 1. owns the business or is a member or partner in it,
- 2. worked in Connecticut for a related business during the previous 12 months, and
- 3. no longer works for the business at the end of its income year.

An employee worked for a related business if:

- 1. it controlled the business that subsequently hired him,
- 2. the business that hired him controlled the business that previously employed him,
- 3. the business that employed him is part of a larger business entity that also controls the business that hired him, or
- 4. both businesses belong to the same group of controlled businesses.

The act specifies criteria for determining if a business controls the business applying for the tax credits. The criteria reflect how the controlling business is organized (i.e. corporation, partnership, etc.).

As noted above, a business qualifies for the credit only for jobs it creates between January 1, 2010 and December 31, 2012. The business must claim the credit for the income year in which it created the job and hired a new employee to fill it. It may also claim the credit for each of the two subsequent years if the employee held the job for the full year. Unused credits expire and cannot be refunded.

Accessing the Credit. To claim the credits, businesses must apply to the DECD commissioner for a certification letter. The business must use a DECD form and provide enough information for DECD to determine its eligibility. The information must describe the business' activities, indicate its North American Industrial Classification System code, specify the number of people employed as of the application date, and identify the new hire's name and job title or classification.

The commissioner must act on the application within 30 days of receiving it. She must issue the certification letter if she approves the application. In doing so, she must state that the business may

claim the credit if it meets the act's requirements. The commissioner must annually give the revenue services commissioner a list of the businesses that she approved for credits and the credit amounts.

If the business is an S corporation or partnership, the credit may be claimed by its shareholders or partners. If the business is a single-member limited liability company that is disregarded as an entity separate from its owner, only the owner may claim the credit.

EFFECTIVE DATE: Upon passage and applicable to income years beginning on or after January 1, 2010.

#### Sections 9 & 10 — Vocational Rehabilitation Job Creation Tax Credit

Applicable Taxes. The act authorizes insurance premium, corporation business, and personal income tax credits for businesses hiring Connecticut residents with disabilities under terms and conditions similar to those governing its small business job creation credits. A business cannot apply the credit against its payroll withholding taxes. The act imposes a combined \$11-million-per-year cap on these credits, the job creation credits described above, and the credits authorized under the existing job incentive tax credit program (CGS 12-217ii).

*Credit Amount*. The act authorizes three-year credits for businesses that hire people with disabilities who meet the act's criteria. The maximum credit is \$200 per month for each new employee. Businesses claiming the act's credits for hiring new employees cannot count these employees toward other credits the law allows. These credits include those authorized under the job incentive and the enterprise zone (CGS 12-217) programs.

Eligible Employees. A business can claim the credit if it hires new employees who live in Connecticut and who have a physical or mental impairment that makes it hard for them to find work. The business qualifies for credits only for employees hired after May 6, 2010 for the income years beginning on or after January 1, 2010. The employee must work at least 20 hours per week for at least 48 weeks per calendar year. He or she must also be on the payroll at the close of the business' income year.

As under the act's small business job creation tax credit program, the employee must be someone who did not work for a related business during the previous 12 months.

Accessing the Credit. The application requirements and process is the same as the one for accessing the small business job creation tax credits. So is the requirement regarding reports to the revenue services commissioner.

The business must claim the credit for the income year in which it created the job and hired a new employee to fill it. It may claim the credit for each of the two subsequent years if the employee held the job for the full year. Unused credits expire and cannot be refunded.

The act allows shareholders and partners of S corporations and partnerships to claim the credit against the personal income tax. With respect to single-member limited liability companies that are disregarded as entities separate from their owners, only the company's owner may claim the credit.

EFFECTIVE DATE: Upon passage and applicable to income years beginning on or after January 1, 2010.

#### Sections 1-3 — Student Loan Reimbursements

*Eligible Fields*. The act authorizes reimbursements for student loans and training grants for Connecticut residents with educational backgrounds and jobs related to green technology, life science, or health information technology and holding jobs related to these fields. The Board of Governors of Higher Education may adopt regulations for providing these loans and grants.

Under the act, green technologies are those that promote clean, renewable, or energy efficiency; reduce greenhouse gases or carbon emissions; or apply chemical products and processes to eliminate the use and generation of hazardous substances. Green technology jobs include those classified as such by the U.S. Bureau of Labor Statistics and the codes DECD and the Labor Department use to identify green jobs.

Educational backgrounds and jobs in life sciences involve studying genes, cells, tissues, and the chemical and physical structures of living organisms. Those in health information technology involve creating, executing, or implementing electronic data systems for recording or transmitting medical or health information.

Eligible Residents. The eligibility criteria for the loan reimbursements vary depending on whether a resident holds a degree or certificate. A resident holding a bachelor or associate degree qualifies for reimbursement if his or her expected family contribution, as determined by the federal Free Application for Federal Student Aid, falls below \$35,000 for the most recent full academic year. (Family income is one of the factors that affects family contribution.) The resident must also:

- 1. graduate from any Connecticut institution of higher education on or after May 1, 2010 with a degree related to one of the fields mentioned above and
- 2. work for at least two years in Connecticut after graduation in a job related to one of these fields.

A resident receiving a training certificate qualifies for a grant if he or she:

- 1. is unemployed, received a layoff notice, or earns less than \$40,000 per year;
- 2. is 18 years or older;
- 3. graduated from high school before July 1, 2008; and
- 4. was not enrolled as a full-time student at any institution of higher education before July 1, 2010.

Loan Reimbursement and Grant Amounts. The reimbursements apply to federal and state student loans (no state loans are currently available). The amount depends on a resident's degree. A resident with a bachelor's degree qualifies for reimbursements of up to \$2,500 per year or 5% of the loan amounts, whichever is less, for up to four years. A resident with an associate's degree qualifies for the

same amount, but only for up to two years. The act caps the total value of reimbursements a resident can receive under the act and any other state program. The cap is \$10,000 for residents holding a bachelor's degree and \$5,000 for those holding an associate's degree.

Residents with certificates qualify for a grant equal to the cost of their training certificate, up to \$250.

*Funding Source*. The act funds the reimbursements by transferring \$3 million from the quasi-public Connecticut Health and Educational Facilities Authority to the General Fund specifically for reimbursing students.

EFFECTIVE DATE: Upon passage, except for the provision transferring funds to the General Fund, which takes effect January 1, 2012.

#### Sections 4 & 5—Short-Term, Non-Credit Workforce Development Initiative

The act authorizes \$1 million in bonds for addressing the training needs of unemployed Connecticut residents. It requires the Community-Technical Colleges (CTC) Board of Trustees to develop short-term, noncredit programs providing job-related skills and workforce credentials. It must also establish an advisory committee consisting of the DECD, Labor Department, Workforce Investment Board, Connecticut Center for Advanced Technology, Connecticut Business and Industry Association, and labor representatives.

The committee must identify workforce needs and recommend how to address them. It must identify the types of education, training, support services, and partnerships needed to fill jobs (1) in regions with persistently high unemployment and (2) in occupational fields with job openings.

The act specifically requires the committee to examine the use of individual educational training accounts as a way to help unemployed people pay for training and services. In doing so, the committee must recommend eligibility requirements for establishing these accounts that include methods for verifying unemployment and demonstrating financial need. It must also consider establishing pilot programs based on available funding. The committee must report its recommendations to the CTC board by November 1, 2010.

The board must weigh the costs of modifying existing programs or developing new ones focused on high-need, high-growth fields. The costs it must consider include tuition, fees, books, materials, and academics.

The act requires the colleges to use the dollars it provides to sustain and expand individual educational training grants throughout the community-technical college system. It requires them to do so by using the dollars to leverage federal funds under the Student Aid and Fiscal Responsibility Act, the college access challenge grant program, and other educational and career training grants.

EFFECTIVE DATE: July 1, 2010

#### Section 21 — Bonds for the Mortgage Crisis Job Training Program

The act authorizes \$1.3 million in bonds for the Mortgage Crisis Job Training Program, which provides rapid, customized employment services, job training, repair training, and job placement assistance to borrowers who are unemployed, underemployed, or in need of a second job (CGS 31-3nn).

EFFECTIVE DATE: July 1, 2010

#### **GOVERNMENT OPERATIONS**

The act authorizes several initiatives aimed at reducing the cost of running government and determining the resources needed to assess how acts affect businesses and jobs.

#### Section 16 — Waste Reduction Task Force

The act establishes a 12-member task force to determine how state agencies and departments can reduce or eliminate duplicative procedures and paper usage. The task force must determine how technology can help agencies and departments achieve these goals.

The task force consists of state officials and corporate executives, economists, and information technology experts. It includes the administrative services commissioner, the Office of Policy and Management secretary, and the Information Technology Department's chief information officer, or their designees. The other members are appointed by the governor and legislative leaders. The House speaker and Senate president pro tempore each appoint two, and the governor and the other four leaders each appoint one. They must make their appointments by July 30, 2010. Members must serve without compensation.

The speaker and president pro tempore select the task force's cochairpersons from among the members. The chairpersons must convene the task force's first meeting by August 29, 2010. The Government Administration and Elections Committee's administrative staff must provide administrative support. The task force must submit its findings and recommendations to the Commerce and Government Administration and Elections committees by February 1, 2011.

EFFECTIVE DATE: July 1, 2010

#### Section 32—Job Impact Analysis

The act requires the Office of Fiscal Analysis (OFA) to determine the resources it needs to determine how acts affect public and private sector jobs. Resources include equipment, software, expertise, and personnel. OFA must report its results to the Office of Legislative Management by December 1, 2010.

EFFECTIVE DATE: Upon passage

#### Sections 25-28 — Sunset of Existing Tax Credit Programs

The act eliminates granting corporation tax credits for the following purposes for the income years beginning on or after January 1, 2014:

- 1. 50% credit for donating new or used computers to public or private schools (CGS 10-228b);
- 2. 10-year, 50% credit for financial institutions developing facilities and creating jobs and a 25% credit for an additional five years (CGS 12-217u (b) and (f)); and
- 3. 100% credit for Small Business Administration guaranty fees (CGS 12-217cc).

EFFECTIVE DATE: July 1, 2011

Public Act# 10-86 HB# 5119

## AN ACT CONCERNING THE REMEDIATION ACCOUNT FOR DRY CLEANING ESTABLISHMENTS AND REGULATED ACTIVITY ON CERTAIN SITES UNDERGOING REMEDIAL ACTION

**SUMMARY:** This act allows a regulated activity (see BACKGROUND) to be conducted in an aquifer protection area on a site where hazardous waste is being cleaned up at the time the area is designated on a municipal zoning or inland wetland map, as long as (1) the regulated activity did not substantially begin, or actively operate, for five years before the area was designated on such a map and (2) anyone conducting the regulated activity for 10 years, starting on the date of the designation, registers it on a Department of Environmental Protection (DEP) form according to DEP regulations.

The act also makes the owner of a site formerly occupied by a dry cleaning establishment eligible for grants from the dry cleaning establishment remediation account. It applies to former dry cleaning establishment sites the criteria that, under existing law, operating establishments must demonstrate to the DECD commissioner when approved for grants. The criteria include demonstrating that the establishment (1) used, or accepted clothing to be cleaned by another establishment using, tetrachlorethylene, Stoddard solvent, or other chemicals; (2) did business at the site for at least one year before the grant application was submitted or approved; and (3) is not in arrears on any state or local tax or the dry cleaning surcharge.

The act also makes technical and conforming changes.

EFFECTIVE DATE: Upon passage

BACKGROUND

Regulated Activity

By law, a regulated activity is any action, process, or condition that the DEP commissioner determines involves the production, handling, use, storage, or disposal of material that may pose a

threat to groundwater in an aquifer protection area, including structures and appurtenances used in conjunction with the activity (CGS 22a-354h).

Public Act# 10-98 SB# 107

#### AN ACT ESTABLISHING A BRADLEY DEVELOPMENT ZONE

SUMMARY: This act creates a development zone around Bradley International Airport and extends enterprise zone property tax exemptions and corporation business tax credits to manufacturers and other specified businesses that develop or acquire property in the zone. The zone, called the Bradley Airport Development Zone (BADZ), encompasses specified contiguous census tract blocks in Windsor Locks, Suffield, East Granby, and Windsor.

The act also designates these blocks "distressed municipalities," thus qualifying projects in the BADZ for state funds under different programs.

EFFECTIVE DATE: October 1, 2011 and (1) the property tax exemptions apply to assessment years beginning on or after October 1, 2012 and (2) the corporation business tax credit applies to income years beginning on or after January 1, 2013.

#### ZONE DESIGNATION

The act designates the BADZ based on census blocks, which it delineates. But it also specifies that the blocks must be those designated as of October 1, 2011, a date which falls after the 2010 census and the possible reconfiguration or consolidation of the delineated blocks.

#### **ELIGIBLE BUSINESS FACILITIES**

The act extends the existing enterprise zone property tax exemptions and corporation business tax credits to the BADZ, but for a narrower range of businesses. As under the enterprise zone program, a business qualifies for these tax incentives based on the facility's condition and use. The business must have:

- 1. constructed, substantially renovated, or expanded the facility or
- 2. acquired it after it was idle for at least one year from an unrelated seller.

The business qualifies for the exemption if it uses the improved or acquired facility for manufacturing, warehousing and motor freight distribution, and specified business services. As under the enterprise zone program, manufacturing includes:

- 1. manufacturing, processing, or assembling raw materials, parts, and manufactured products;
- 2. performing manufacturing related research and development; and
- 3. significantly servicing, overhauling, or rebuilding machinery and equipment for industrial uses.

Warehousing and motor freight distribution facilities qualify for the exemption, but only if they handle goods shipped by air. Those facilities located in the enterprise zone also qualify for the exemption without qualification.

Facilities housing business services, including information technology, also qualify for the incentives if the commissioner determines they depend upon or are directly related to the airport. The act specifically excludes facilities housing car dealerships and retailers. Facilities in the enterprise zones that house a wide range of services qualify for the incentives. These include financial and health services, and telemarketing or engineering, accounting, research, management, and related services.

#### TAX INCENTIVES

#### Property Tax Exemptions

The act extends the enterprise zone tax exemptions for real and personal property to eligible businesses in the BADZ. Businesses that construct, renovate, or expand a facility qualify for an exemption based on the facility's value. The exemption equals 80% of the improvement's assessed value, and it is generally good for five years. Businesses acquiring facilities also qualify for the same five-year exemption, which is based on the assessed value of the acquired facility.

As under the enterprise zone program, non-manufacturing businesses developing or acquiring a facility in the BADZ also qualify for a five-year, 80% exemption on the assessed value of machinery and equipment they install in the facility as part of its development or acquisition. (The law exempts all manufacturers from paying property taxes on new and existing machinery and equipment.)

The exemptions represent property tax revenues the municipalities forgo. As under the enterprise zone law, the act requires the state to reimburse the BADZ municipalities for half of the forgone revenue.

The act uses the enterprise zone program's administrative processes to administer the BADZ's property tax exemptions and the state reimbursements. Thus, a business must apply to the DECD for a certificate certifying that the facility qualifies for the exemption. It must annually file for the exemption by November 1 with the municipality's tax assessor. It waives its right to do so if it misses this deadline, unless it requested an extension as the law allows.

The municipality must submit its reimbursement claims to the Office of Policy and Management (OPM) secretary by August 1 annually as the law provides. The secretary must certify the claim to the comptroller by December 15. The comptroller has five business days to issue the order directing the treasurer to pay the claim. The treasurer has until December 31 to do so.

#### Corporation Business Tax Credits

The act extends the enterprise zone's corporation business tax credits to the BADZ. Under the enterprise zone program, businesses that qualify for the property tax exemptions also qualify for a 10-year corporation business tax credit equal to the portion of the tax attributable to the facility (the law specifies how businesses must calculate that amount). The credit equals 25% of the tax.

Businesses in the BADZ qualify for the credit under similar terms and conditions as businesses in the enterprise zone. The provisions authorizing the credit take effect October 1, 2011 and apply to income years beginning January 1, 2013. But the act also specifies that businesses may begin claiming the credits on or after January 1, 2012.

#### **DISTRESSED MUNICIPALITY BENEFITS**

The act automatically designates those sections of Windsor Locks, Suffield, East Granby, and Windsor in the BADZ "distressed municipalities." By law, DECD annually designates distressed municipalities based on demographic and economic criteria. It scores and ranks each municipality and designates the top 25 as distressed.

The designation qualifies the four towns for grants to acquire and preserve open spaces in the zone (CGS 7-131g) and plan and develop municipal development projects there (CGS 8-190 and 8-195). It also qualifies them and other entities for Urban Act funds, which can be used for community conservation and development projects in the zone (CGS 4-66c(c)).

But the designation also disqualifies projects in the zone for Small Town Economic Assistance Program (STEAP) funds. Non-distressed municipalities qualify for STEAP funds if they do not have an urban center or qualify as a public investment community. But they may choose to remain eligible for STEAP funds in lieu of Urban Act funds if their legislative bodies (or boards of selectmen if the legislative body is a town meeting) vote to do so and notify the OPM secretary to that effect (CGS 4-66c (g)). A BADZ town may choose to remain eligible for STEAP in that part of the town that is in the BADZ.

The designation allows DECD to spend funds in the zone on cleaning up environmentally contaminated sites (CGS 22a-133m). It also allows housing development corporations to set higher income levels for state-funded projects in the zone. (Most of these projects are limited to people earning no more than 80% of the area median income (AMI). But corporations can set the limit at 250% of AMI in distressed municipalities) (CGS 8-218).

Public Act# 10-104 HB# 5027

## AN ACT ESTABLISHING THE UNIVERSITY OF CONNECTICUT HEALTH NETWORK AND CONNECTICUT BIOSCIENCE INITIATIVE

**SUMMARY:** This act provides funding, under certain conditions for (1) the construction of a new bed tower and renovations of academic, clinical, and research space at UConn's John Dempsey Hospital (JDH) and (2) the development of regional health network initiatives.

The total cost is \$362 million. The act authorizes the issuance of \$237 million in new state bonds of which \$207 million will be issued under the UConn 2000 infrastructure improvement program, which the act extends from 2016 to 2018. It also reallocates \$25 million in existing UConn 2000 funds to pay for planning and design costs of the new JDH bed tower and requires a contribution of \$100 million in federal, private, or other nonstate money. The act prohibits the \$237 million in new bonds

from being issued and construction of the bed tower from commencing until the \$100 million is received. It establishes June 30, 2015 as the deadline for receiving the \$100 million.

The act also establishes provisions for transferring, from JDH to Connecticut Children's Medical Center (CCMC), licensure and control of 40 neonatal intensive care unit (NICU) beds. It confers the benefits of an enterprise zone on certain businesses in Hartford and parts of Farmington, New Britain, and Bristol, and it requires UConn to report biennially on the progress of the health network initiative and the JDH construction and renovation.

EFFECTIVE DATE: Upon passage, except for the section on enterprise zones, which is effective July 1, 2010.

#### COSTS AND FUNDING SOURCES

Table 1 summarizes the cost of each project in the act, the sources of funds, and the conditions for their use.

Table 1: Costs, Funding Sources, and Conditions on Use

Project	Amount (in millions)	Description of funds	Conditions
Planning and Design	\$25	Funds shifted from an existing UConn 2000 project	None
New Construction and Renovation at UConn Health Center	207	New UConn 2000 bonds	May not be issued unless \$100 million in nonstate money is received.
	100	Federal, private, or other nonstate money	Must be received by June 30, 2015
UConn health network initiative	30	State GO bonds, outside of UConn 2000	May not be issued unless \$100 million in nonstate money is received.
TOTAL	\$362	\$237 million in new state bonding	

#### RENOVATIONS AND NEW BED TOWER AT JDH

Under the act, "University of Connecticut Health Center (UCHC) new construction and renovation" means the planning, design, development, financing, construction, renovation, furnishing, equipping, and completion of clinical, academic, and research space at JDH. It specifically includes the construction of a new bed tower, increasing the number of licensed beds from 224 to a maximum of 234, including newborn bassinettes.

The act adds the UCHC construction and renovation to the list of enumerated UConn 2000 infrastructure improvement projects and authorizes \$207 million in new bonding. The issuance of these bonds is contingent on the receipt of \$100 million in nonstate money.

The act also reallocates \$25 million from existing UConn 2000 authorizations for main building renovations for the planning and design costs associated with the JDH construction and renovation. This reallocation is not contingent on the receipt of the \$100 million in nonstate money.

#### UCONN HEALTH NETWORK INITIATIVE

The act authorizes the issuance of up to \$30 million in state general obligation (GO) bonds to fund the UConn health network initiatives (see Table 2). The issuance of these bonds is contingent on the receipt of the \$100 million in nonstate money.

Under the act, the UConn health network initiatives include:

- 1. a simulation and conference center on the Hartford Hospital campus that uses new technologies and simulated care settings to educate and train healthcare professionals;
- 2. a Connecticut Institute for Primary Care at the Saint Francis Hospital and Medical Center campus that is intended to increase the number of primary care providers in the state;
- 3. an institute for clinical and translational science (for the translation of scientific discoveries into practical applications) at UCHC;
- 4. a comprehensive cancer center to expand clinical trials and advance patient care in the Hartford region;
- 5. a UConn-sponsored health disparities institute intended to enhance research and the delivery of care to minority and medically underserved people;
- 6. the Connecticut Institute for Nursing Excellence at the UConn School of Nursing that will explore ways to enhance the recruitment, education, and retention of nurses and nursing faculty;
- 7. improvements at the Hospital of Central Connecticut, to include (a) the planning, design, land acquisition, development, and construction of a cancer treatment center constructed by, or in partnership with, the hospital and located entirely within the city of New Britain, (b) renovations and upgrades to the hospital's oncology unit, and (c) a permanent regional phase one clinical trials unit at the hospital, provided that a certificate of need is approved for this purpose; and
- 8. patient room renovations at Bristol Hospital.

The act also requires the Hospital of Central Connecticut to repay its share of the proceeds from the bond sale in the event the cancer treatment center is built in whole or in part outside the legal boundaries of the city of New Britain. Further, PA 10-179 specifies that the simulation and conference center is to be run exclusively by Hartford Hospital.

**Table 2: UConn Health Network Initiative Projects** 

Project	Location	Bond Authorization (in millions)
Simulation and conference center	Hartford Hospital	
Primary care institute	Saint Francis Hospital and Medical Center	
Institute for clinical and translational science	UCHC	\$20
Comprehensive cancer center	Hartford region	
Health disparities institute	Not specified	
<b>Hospital of Central Connecticut</b>	New Britain	5
Institute for nursing excellence	UConn School of Nursing	3
Bristol Hospital	Bristol	2
TOTAL		30

Twenty million dollars of the \$30 million bond authorizations were revised by PA 10-179, which authorized \$5 million apiece for the simulation and conference center and the primary care institute and \$10 million to be shared among the (1) institute for clinical and translational science, (2) comprehensive cancer center, and (3) health disparities institute. It left unchanged the authorizations for the Hospital of Central Connecticut, institute for nursing excellence, and Bristol Hospital.

#### Institute for Primary Care Innovation

The act establishes the Connecticut Institute for Primary Care Innovation as a collaborative enterprise between the UConn School of Medicine and Saint Francis Hospital and Medical Center. The institute will be located on the St. Francis campus and focus on research and training relevant to primary care. The act prohibits the institute from engaging in or managing the delivery of healthcare services, and it requires the UConn School of Medicine and St. Francis to enter into an affiliation agreement under which the institute will not be constrained by the Ethical and Religious Directives for Catholic Health Care Services with regard to (1) research and training pertaining to primary care or (2) any report or recommendation generated from such research.

The act also requires the institute to (1) operate in accordance with the requirements and policies of the UConn School of Medicine, the Liaison Committee on Medical Education, and the Accreditation Council for Graduate Medical Education, and (2) disclose any research findings or results concerning medically accepted best practices.

#### Connecticut Institute for Nursing Excellence

The act establishes the Connecticut Institute for Nursing Excellence at the UConn School of Nursing. The institute's oversight board is chaired by a representative from the UConn School of Nursing, who is appointed by the school's dean. The board also comprises one representative each from:

#### 1. UCHC, appointed by its board of directors;

- 2. Saint Joseph College, appointed by its president;
- 3. Yale University School of Nursing, appointed by its dean;
- 4. Yale-New Haven Hospital, appointed by its president;
- 5. the regional community-technical college system, appointed by its board of trustees;
- 6. Connecticut Hospital Association (CHA), appointed by its board of trustees;
- 7. Hartford Hospital, appointed by its president;
- 8. Saint Francis Hospital and Medical Center, appointed by its president;
- 9. a nursing student, appointed by the governor; and
- 10. a member of the public, appointed by the governor.

The board members must be appointed within 30 days of the issuance of the GO bonds for the institute, and the chairperson may appoint additional members as needed. Board members serve four-year terms, with the exception that the initial terms of the nursing student, member of the public, and the representatives from CHA, Hartford Hospital, and Saint Francis Hospital and Medical Center are two years. Members may not serve more than two consecutive four-year terms.

The act requires the institute to:

- 1. evaluate and formulate strategies for increasing the retention of nurses and enhancing the education, recruitment, and retention of nursing faculty in Connecticut;
- 2. help hospitals establish and evaluate a pilot nursing residency program to provide mentoring to first-year, hospital-based nurses;
- 3. establish and promote master's- and doctorate-level programs to prepare nurses to serve as educators in nursing schools, including providing (a) eligibility for loan forgiveness programs for those nurses who successfully complete such master's-level programs and have been members of a nursing faculty in this state for at least four years, and (b) methods to increase compensation for nurse educators, including scholarships for service;
- 4. establish an evidence-based research center that reflects the current best science, experiential learning, and clinical knowledge development; and
- 5. pursue grant funding and philanthropic support for nursing projects.

#### **BONDING**

The act (1) authorizes \$207 million in new bonding under UConn 2000, (2) extends the bonding for UConn 2000 from 2016 to 2018 and adjusts the annual caps, and (3) extends UConn's control of UConn 2000 projects from June 30, 2016 until June 30, 2018 or until the program is completed, whichever is later.

The act cancels UConn's bond authorization for FY 10, reduces the cap for FY 11, increases the caps for FY 12 through FY 16, and extends the program through 2018 as shown in Table 3. Under existing law and the act, any difference between the amount actually issued in any year and the cap can be carried forward to any succeeding fiscal year. Financing transaction costs can be added to the caps.

Table 3: Annual Bond Limits for UConn 2000

FY	Prior Limit	New Limit	Change
	(in millions)	(in millions)	(in millions)
2010	\$140. 5	\$0.0	(\$140. 5)
11	146. 5	138. 8	(7.7)
12	123. 1	157. 2	34. 1
13	114. 5	143. 0	28. 5
14	111.5	140. 0	28. 5
15	100.0	128. 5	28. 5
16	90. 9	119. 5	28. 6
17	N. A.	116.0	116. 0
18	N. A.	91. 0	91. 0
Total	827. 0	1034. 0	207. 0

#### **Bonding Conditions**

The issuance of the \$237 million in new state bonding is contingent on securing \$100 million in nonstate money. The act requires the UConn president and the governor's designee, by June 30, 2011, to notify the Office of Policy and Management (OPM) secretary of the status of the \$100 million, and it prohibits any construction on the hospital until that money is received.

The act sets June 30, 2015 as the deadline for receiving the \$100 million in nonstate money. If the money is not obtained by that date, all projects under the act terminate, and the UConn 2000 bonding caps revert to their previous totals.

#### ENTERPRISE ZONE

The act extends the benefits of an enterprise zone to certain businesses and commercial properties in (1) Hartford; (2) certain census blocks and block groups in Farmington; (3) certain census blocks, block groups, and tracts in New Britain; and (4) certain census tracts in Bristol. Generally, these areas are located near JDH, the Hospital of Central Connecticut, or Bristol Hospital. It appears that these

blocks, block groups, and tracts are based on the 2000 Census and could change if the boundaries are redrawn after the 2010 Census.

By law, enterprise zone benefits include property tax exemptions, business tax credits, and sales tax exemptions. Under prior law, an eligible business is one that has had fewer than 300 employees at all times during the previous 12 months and is engaged in biotechnology, pharmaceutical, or photonics research, development, or production in the state. The act extends this definition to include businesses engaged in bioscience, which it defines as the study of genes, cells, tissues, and chemical and physical structures of living organisms.

An eligible commercial property is one that an eligible business has owned or leased and used at all times during the preceding 12 months or real property that the DECD commissioner or Connecticut Innovations, Incorporated has certified as newly constructed or substantially renovated and expanded primarily for occupancy by one or more eligible businesses.

The act also extends enterprise zone benefits to eligible businesses and commercial properties in any municipality that has a major research university with a bioscience program. Under existing law these benefits apply if the university has programs in biotechnology, pharmaceuticals, or photonics.

#### REPORTING

The act requires UConn, beginning January 1, 2011 and until the health network initiatives and UCHC construction and renovation are completed, to submit a biennial progress report on these projects. The report must be submitted to the Higher Education, Public Health, Finance, and Appropriations committees.

Public Act# 10-107 SB# 176

#### AN ACT CONCERNING THE FILM TAX CREDIT

**EFFECTIVE DATE**: July 1, 2010 and applicable to income years beginning on or after January 1, 2010.

**SUMMARY:** This act modifies the criteria for accessing the corporation business and insurance premium tax credits for producing films and developing infrastructure in Connecticut.

A company producing film or digital media qualifies for credits based on the money and time it spends here. By law, the company must spend at least \$100,000 producing the film or media in Connecticut. The act retains this threshold but narrows the range of eligible expenses by excluding the money spent in Connecticut on developing the idea for the film or media and limiting compensation to base salaries and wages.

The law also requires the company to spend a certain amount of time or money in Connecticut on specific production tasks. Under prior law, the company had to conduct at least 50% of its principal photography days or incur at least 50% of the post-production costs in the state. The act reduces the minimum share of principal photography days in Connecticut to 25%. It also makes it easier for the

company to qualify based on postproduction costs. Under the act, the company qualifies if it incurs at least 50% or \$1 million of those costs here.

Lastly, the act tightens the criteria for determining eligible production and infrastructure costs. It also makes a conforming technical change.

#### FILM PRODUCTION CREDITS

#### **Production Expenses**

By excluding expenses and costs incurred in Connecticut to develop an idea for a film, the act limits the range of eligible expenses and costs to those incurred in planning (preproduction), filming (production), and editing (postproduction) a film.

The act also narrows the type of compensation that counts toward eligible production costs. By law, those costs include compensation under \$20 million paid to people or entities for representing star talent. The act limits these costs to base salaries or wages and excludes bonus pay, stock options, restricted stock units, or similar arrangements.

#### INFRASTRUCTURE CREDITS

Besides authorizing film production credits, the law authorizes corporation business and insurance premium credits for developing the buildings, facilities, and installations needed to produce films here. A developer qualifies for the credit regardless of whether he or she intends to construct and sell the infrastructure or lease it under any type of lease agreement. With respect to leased facilities, the act limits the credits to those leased under a capital lease. Capital leases generally have longer terms, higher lease payments, and provisions for transferring the property to the lessee when the lease term ends.

#### **BACKGROUND**

#### Credit Amounts

Film and digital media production credits range from 10% to 30% depending on the total production expenses over \$100,000 that a company incurs in Connecticut. The credit equals 10% for expenses between \$100,000 and \$500,000, 15% for expenses over \$500,000 but less than \$1 million, and 30% for expenses over the latter amount.

The film infrastructure tax credit equals 20% of the cost of developing buildings, facilities, and installations film and digital media production companies need to operate in Connecticut. A company qualifies for the credit if it spends at least \$3 million developing this infrastructure.

Public Act# 10-120 SB# 412

## AN ACT CONCERNING THE ENVIRONMENTAL IMPACT EVALUATION PREPARED FOR A STATE-OWNED AIRPORT DEVELOPMENT PROJECT, AND THE REQUIREMENTS FOR THE PREPARATION, EVALUATION AND REVIEW OF ENVIRONMENTAL IMPACT EVALUATIONS

**EFFECTIVE DATE**: Upon passage

**SUMMARY:** This act allows state agencies, institutions, and departments (agencies) conducting an environmental impact evaluation (EIE) under the Connecticut Environmental Policy Act (CEPA) to contract with a person to prepare the EIE as long as the agency (1) guides the person in preparing the EIE, (2) participates in its preparation, (3) independently reviews the EIE before submitting it for comment under CEPA, and (4) ensures that any third party responsible for conducting an activity that the EIE is evaluating is not a party to the contract. The agency may require that such a third party pay the agency enough money for the agency to hire the person preparing the EIE.

In the case of an EIE (1) of a development project at a state-owned airport; (2) completed before the act's passage by a contractor retained by a private, non-state entity; and (3) independently evaluated by the Department of Transportation (DOT). DOT must review, circulate, publish, and hold a public hearing on the EIE as CEPA requires and submit all comments and responses it receives to the Office of Policy and Management (OPM). The act requires OPM to review the EIE, comments, and responses according to CEPA within 30 days of after DOT submits them. But it specifically bars OPM, in determining whether the EIE complies with CEPA, from considering that the EIE was prepared by a contractor retained by a private, non-state entity. The state-owned airport to which the act refers is the Waterbury-Oxford airport.

#### **BACKGROUND**

Connecticut Environmental Policy Act (CEPA)

CEPA identifies and evaluates the impact of proposed state actions that could significantly affect the environment. It requires that certain information be available to decisionmakers and the public, and that this information be considered in deciding whether and how to proceed with the project. Among other things, EIEs must examine the direct, indirect, and cumulative environmental consequences of the proposed action, and any reasonable alternatives to it. OPM reviews EIEs, determining, among other things, if the agency has taken all practicable steps to avoid or minimize environmental harm. However, findings of adverse impact do not necessarily stop a project from proceeding (CGS § 22a-1b through 1h).

Public Act# 10-134 HB# 5371

#### AN ACT CONCERNING AFFORDABLE HOUSING REPLACEMENT

EFFECTIVE DATE: October 1, 2010

**SUMMARY:** This act exempts the King Court housing development in East Hartford from the requirement that housing authorities that receive state financial assistance replace, on a one-for-one basis, low and moderate income housing units that they sell, lease, transfer, or destroy.

Public Act# 10-135 HB# 5436

#### AN ACT CONCERNING BROWNFIELD REMEDIATION LIABILITY

**EFFECTIVE DATE**: July 1, 2010, except for the provisions establishing the working group, which are effective upon passage; the provisions concerning the Urban Site Remediation Fund, which are effective October 1, 2010; and the provisions for fixing property tax assessments, which are effective July 1, 2010 and applicable to assessment years beginning on or after October 1, 2010.

**SUMMARY:** This act expands the scope of several brownfield clean-up programs, establishes a working group to study brownfield issues, and makes a technical correction. It qualifies municipal and nonprofit development agencies for directors' and officers' liability and general liability insurance under an existing brownfield clean-up program. It allows the DECD commissioner to use the funds from another brownfield program as a funding source for two newer programs opened to municipalities and private developers.

The act allows municipalities to fix the assessment on contaminated property before the owner begins to remediate it. It also allows them to forgive back taxes on a contaminated property if a developer proposes to remediate it under a state-approved plan.

The act sets narrow conditions under which a regulated activity must be permitted on municipally owned sites undergoing remediation in aquifer protection areas.

Lastly, the act establishes an 11-member working group to examine brownfield issues and requires it to report its findings and recommendations to the Commerce Committee by January 15, 2011. It requires the governor and legislative leaders to appoint the members and designates three state officials as ex-officio members.

#### PROGRAM EXPANSIONS

Brownfield Clean-up Programs

The act allows the Urban Sites Remediation Program and the Special Contaminated Property Remediation and Insurance Fund to fund more activities. First, it allows the DEP commissioner to reimburse municipal and nonprofit development agencies for directors' and officers' liability insurance and general liability insurance. It allows her to do so by tapping the Urban Site

Remediation Fund, which is currently used to acquire, assess, and remediate contaminated sites acquired by DECD or a regional economic development agency.

Municipal economic development agencies and those formed specifically to plan and implement redevelopment and municipal development projects qualify for funds the under the act. Nonprofit organizations also qualify if they were formed to promote a municipality's economic development and receive funds or in-kind services in part from the municipality, its economic development or redevelopment agencies, or a nonstock corporation or limited liability company the municipality established or controls.

Next, the act allows the DECD commissioner to tap the Special Contaminated Property Remediation and Insurance Fund for funding brownfield projects under the existing Remedial Action and Redevelopment Municipal Grant Program and the Targeted Brownfield Development Loan Program. The former provides grants to municipal and nonprofit agencies for assessing and remediating contaminated property. The loan program provides up to \$2 million in financing to municipal, nonprofit, and for-profit developers for investigating and remediating brownfields.

#### Property Tax Incentive

Current law specifies conditions under which municipalities can abate or forgive the property taxes on contaminated property being remediated and redeveloped. The act additionally allows them to fix the assessment on contaminated property as of the last assessment date before clean-up activities begin. Fixing the assessment prevents tax acts from going up as the owner improves the property and consequently increases its worth. The act allows the municipality to fix the assessment for up to seven years if (1) the DEP commissioner or a licensed environmental professional approved the property's clean-up plan and (2) approved by the municipality's board of board of finance, legislative body, or board of selectmen, as applicable.

The act also expands the circumstances under which municipalities can forgive all or some of the back taxes plus interest on a contaminated property. Current law allows them to do so if the parties to a property sale assess the property's environmental condition and remediate it if necessary.

The property qualifies for tax forgiveness if the prospective purchaser's plan to investigate or remediate it was approved by DEP or a licensed environment professional. The act extends this option to any abandoned or underutilized property, regardless of whether it is up for sale, if its condition discourages developers from redeveloping it (i.e. brownfields). As under current law, the municipality's board of finance, legislative body, or board of selectmen, as applicable, must approve the forgiveness.

#### REGULATED ACTIVITIES IN AQUIFER PROTECTION AREAS

The act sets narrow conditions under which a regulated activity must be permitted in an aquifer protection area. The activity must be permitted if:

1. it is being conducted on a municipally owned site where the process of cleaning up hazardous waste began when the area was designated on a municipal zoning or inland wetland map;

- 2. the regulated activity did not substantially begin, or actively operate for five years, before the area was designated on these maps; and
- 3. anyone conducting the activity for 10 years, starting on the designation date, registers the activity on a DEP form as its regulations require.

#### WORKING GROUP

The act established an 11-member working group to examine how brownfields are being cleaned up and developed in Connecticut and how permits and liability affect these activities.

It requires the governor to appoint two members and the legislative leaders to appoint one each. The members must be experts in environmental law, engineering, finance, consulting, insurance, development, or other relevant fields. They must be appointed within 30 days after the act takes effect. The governor and leaders must also fill any vacancies to their appointments. The act also designates the Office of Policy and Management secretary and the DEP and DECD commissioners, or their designees, as ex-officio members.

The members must appoint their chairpersons who must call the first meeting within 60 days after the act takes effect.

The working group must report its findings and recommendations to the Commerce Committee's chairpersons and ranking members by January 15, 2011.

#### **BACKGROUND**

#### Regulated Activity

By law, a regulated activity is any action, process, or condition that the DEP commissioner determines involves the production, handling, use storage, or disposal of material that may pose a threat to groundwater in an aquifer protection area, including structures and appurtenances used in conjunction with this activity (CGS 22a-354h).

#### Related Act

HB 5119 (File 269) allows regulated activities under similar conditions on any site under going remediation in an aquifer protection area.

Public Act# 10-136 SB# 354

#### AN ACT CONCERNING BIOMEDICAL RESEARCH TRUST FUND RESEARCH GRANTS

**SUMMARY:** This act expands the purposes for which the Department of Public Health (DPH) may make grants from the Biomedical Research Trust Fund to include Alzheimer's disease and diabetes research. DPH may already award grants from the fund for biomedical research in the fields of heart disease, cancer, and other tobacco-related diseases. By law, it may award the grants to: (1) nonprofit,

tax-exempt colleges or universities or (2) hospitals that conduct biomedical research. The total amount of grants made during a fiscal year cannot exceed 50% of the total amount held in the fund on the date the grants are approved.

EFFECTIVE DATE: July 1, 2010

Public Act# 10-139 SB# 302

## AN ACT CONCERNING STATE FUNDING OF AFFORDABLE HOUSING LOCATED IN A FIVE-HUNDRED-YEAR FLOOD PLAIN

EFFECTIVE DATE: July 1, 2010

**SUMMARY:** This act creates exceptions to the prohibition against building between the 100-year and the 500-year-flood plains for state-funded housing reconstruction, rehabilitation, or renovation as long as the state agency providing funding certifies that it complies with the provisions of the National Flood Insurance Program (NFIP) and the requirements of the act. The exceptions are:

- 1. projects involving renovation or rehabilitation of existing housing on the DECD's most recent affordable housing appeals list,
- 2. construction of minor structures to an existing building for the purpose of providing handicapped accessibility pursuant to the State Building Code, and
- 3. construction of open decks attached to residential structures that are properly anchored in accordance with the State Building Code.

The act also permits the demolition and reconstruction of existing housing for low- and moderate income housing provided there is no increase in the number of units and the:

- 1. reconstruction is limited to the footprint of the existing foundation of the building or buildings which could be used for low- and moderate-income housing after the reconstruction or
- 2. reconstruction is on a parcel of land where the elevation is above the 100-year flood elevation, provided there is no placement of fill within an adopted Federal Emergency Management Agency flood zone.

The act exempts proposal DECD projects from the prohibition against building in a flood plain in a drainage basin of less than one square mile.

#### **BACKGROUND**

100- and 500-Year-Flood Plains

The 100-year-flood plain is the area that has a 1% chance to be flooded each year. The 500-year-flood plain is the area that has a 0.2% chance to be flooded each year. The chance of a given year

having a particular flood is not related to what happened in a previous year. For example, it is possible, though unlikely, that 500-year-floods may happen in consecutive years.

National Flood Insurance Program

The NFIP enables property owners in participating communities to purchase insurance as a protection against flood losses in exchange for state and community floodplain management regulations that reduce future flood damages. Participation in the NFIP is based on an agreement between communities and the federal government (44 CFR 59 et seq.).

Public Act# 10-145 HB# 5500

## AN ACT CONCERNING THE OFFICE OF SMALL BUSINESS AFFAIRS AND ESTABLISHING THE SMALL BUSINESS ADVISORY BOARD

**EFFECTIVE DATE**: Upon passage, except for the provision establishing the advisory board, which is effective July 1, 2010.

**SUMMARY:** This act expands the duties of the DECD's Small Business Affairs Office, which under prior law included only running a small business development center and administering any business management program the commissioner established. The act additionally requires the office to:

- 1. provide a single contact point for small businesses seeking financial and technical assistance from state and quasi-public agencies,
- 2. coordinate all state small business revolving loan funds, and
- 3. establish an informational webpage listing all small business resources with appropriate links.

The act also requires the DECD commissioner to appoint and convene a Small Business Advisory Board to advise the department about resources available to small businesses. At a minimum, the board must include seven members: the DECD commissioner and representatives of a manufacturing association, a business association, a chamber of commerce, an economic development entity, the Connecticut Economic Resource Center, and Connecticut Center for Advanced Technology, Inc. The board members each serve five-year terms. They must meet by December 31, 2010 and at least annually after that.

The office must establish the webpage with the commissioner's cooperation and within available appropriations. It must also post the resources and links in a conspicuous place on DECD's website and update the information quarterly.

Beginning February 1, 2011, the act requires the office to summarize all available small business programs and activities and include the summary in DECD's comprehensive annual report.

Lastly, the act makes a technical correction to the law specifying the Small Business Affairs Office's duties. Prior law assumed that DECD ran the Small Business Development Center program and

required the office to administer it. In practice, the federal Small Business Administration administers the program, which funds regional centers that provide comprehensive technical assistance to new and existing small businesses. The program currently funds five centers in Connecticut, including one housed in DECD.

The act changes the statute to reflect this arrangement by specifying that the office must administer at least one regional center housed within DECD. It also requires the office to coordinate with the center's director the flow of information within the program.

Public Act# 10-147 SB# 108

## AN ACT CONCERNING THE CONNECTICUT DEVELOPMENT AUTHORITY'S PARTICIPATION IN CERTAIN FEDERAL LOAN AND GRANT PROGRAMS

**EFFECTIVE DATE**: Upon passage

**SUMMARY:** This act allows the Connecticut Development Authority (CDA) to join federal agencies in undertaking economic development projects. Existing law allows CDA to enter into agreements with individuals and different types of organizations to develop projects, provide funds to banks, create a secondary market for their mortgages and other obligations, and purchase loans made by regional economic development corporations. The act allows CDA to enter into agreements with federal agencies to do these things.

Existing law allows CDA to lend money to businesses or guarantee loans banks and other lenders make to them. It also allows CDA to provide credit extensions, equity investments, loans and bond insurance, and other forms of credit by itself or in conjunction with lenders, investors, banks, municipal and nonprofit economic development agencies, and other specified entities. The act allows CDA to extend credit to projects receiving loans, loan guarantees, or other forms of financing from any federal economic or project development program as long as the project and the financing are consistent with and further CDA's statutory purposes. The act correspondingly authorizes CDA to execute agreements with the federal agencies administering the programs.

Lastly, the act allows CDA to accept federal loan guarantees. Prior law limited CDA to accepting federal grants and loans.

#### **BACKGROUND**

CDA Financing Programs

The act allows CDA to join federal agencies in financing projects by expanding the range of entities with which it can finance projects under several programs:

1. the Connecticut Works Fund, which provides up to \$25 million in financing for research, manufacturing, industrial, and warehouse and distribution projects (CGS 32-23ii);

- 2. the Connecticut Works Guarantee Fund, which provides up to \$10 million in guarantees for bank loans financing projects that create jobs, develop new products or services, maintain or diversify industry, or improve the tax base (CGS 32-261); and
- 3. the High Technology Infrastructure Fund, which provides financing for smart buildings, incubator facilities, high speed communications, and other information technology projects (CGS 32-23yy).

Public Act# 10-152 SB# 201

AN ACT MAKING TECHNICAL REVISIONS TO THE PLANNING AND DEVELOPMENT STATUTES, DELAYING REVALUATION FOR CERTAIN MUNICIPALITIES, MAKING SUBSTANTIVE CHANGES TO STATUTES CONCERNING HOUSING BLIGHT AND AUTHORIZING THE MODIFICATION OF CERTAIN ELECTRICITY PURCHASE AGREEMENTS

**EFFECTIVE DATE**: October 1, 2010 for the blighted housing provisions and technical changes and upon passage for the revaluation delays and the electricity purchase agreement provision.

**SUMMARY:** This act adds to municipal powers by authorizing municipalities to (1) remediate, not just prevent, housing blight and (2) designate agents to enter property for that purpose. It allows municipalities to exercise these powers under the ordinance they must adopt if they choose to impose a special assessment on blighted property. Under prior law, the revenue the assessment generates could be used only to cover enforcement costs. Under the act, the revenue can also be used to cover remediation costs.

The act permits Middletown, Guilford, and Madison to delay a revaluation that is scheduled to occur prior to the 2013 assessment year with the approval of their respective legislative bodies. In other words, these municipalities may continue taxing property based on its value as of the date of the decision to delay, after which each must revalue the property. The subsequent revaluation must recommence at the point in the schedule that the municipality was following prior to the delay. In the event of a delayed revaluation, the act allows the person or entity authorized by law to prepare rate acts in these three municipalities to prepare new rate acts based on the delay, notwithstanding any law or municipal charter, special act, or home rule ordinance to the contrary.

By law, electric companies are required to enter long-term power purchase contracts with certain renewable energy producers, subject to the Department of Public Utility Control's (DPUC) approval. The act permits a fuel cell project with an electricity purchase agreement that meets certain criteria to request a change to the agreement.

Finally, the act makes minor, technical, and grammatical changes to municipal and planning and development laws.

#### **BLIGHTED HOUSING**

By law, municipalities have the power to make and enforce regulations preventing housing blight, to which the act adds the power to remediate it and authorize agents to enter property, but not a house or structure, to do so.

By law, a municipality with regulations to prevent housing blight may adopt an ordinance under certain conditions and impose a special assessment on blighted housing. The law specifies the elements that must be included in such an ordinance and the conditions that must be met before establishing the special assessment. Money received from a special assessment goes into a special fund or account dedicated for the municipality's expenses related to enforcing the blight regulations and state and local health, housing, and safety codes and regulations, including police expenses. Any unpaid assessment is a lien on the real estate, similar to a tax lien.

The act allows a municipality to include in such an ordinance authority to designate an agent with the right to enter "property," but not any dwelling house or other structure, during reasonable hours to remediate blighted conditions. Any ordinance must specify (1) standards for determining whether the municipality has the right to enter the property and (2) procedures for notifying the property's owner that the municipality has determined it has the right to enter the property. The board designated in the ordinance that determines when the special assessment should be imposed on a specific property also authorizes a right of entry. The act adds remediation costs to those for which money in the special assessment fund can be used.

#### FUEL CELL PROJECT

The act permits a request for modification of a purchase agreement for electricity from a fuel cell project with a generating capacity of up to five megawatts that is located within 50 feet of a natural gas transmission facility operating at pressures above 150 pounds. The project administrator can request a change allowing the project to move to another location and adjust the contract's pricing provision to account for a change attributable to the move. The DPUC has 30 days after receiving such a request to open a docket to review it, and may approve it within 120 days. Under the act, factors affecting a modification are limited to location, contract pricing, and the schedule attributable to the relocation. An electric company cannot cancel an agreement or deem it out of compliance until the modification is approved.

Public Act# 10-155 HB# 5163

## AN ACT REQUIRING THE ESTABLISHMENT OF A SEARCHABLE DATABASE FOR STATE EXPENDITURES

**EFFECTIVE DATE**: Upon passage

**SUMMARY:** By July 1, 2011, this act requires the Office of Fiscal Analysis (OFA) to establish and maintain searchable databases of state expenditures, including state grants and contracts. The databases must be posted on OFA's Internet website. To enable OFA to establish and maintain the databases, the act requires budgeted agencies to submit, in a timely manner, information that OFA

requests. It states explicitly that its provisions do not require state agencies to (1) create unavailable financial or management data or a nonexistent information technology system or (2) disclose consumer, client, patient, or student information that is protected from disclosure under other laws.

Starting by November 1, 2010, OFA must report quarterly to the Appropriations Committee on the databases, including any recommendations for improving or expanding their operation or capacity. The Auditors of Public Accounts must review the procedures and security used to develop the databases and report any findings or recommendations to the Appropriations Committee.

Public Act# 10-158 HB# 5208

# AN ACT CONCERNING THE PERMIT AND REGULATORY AUTHORITY OF THE DEPARTMENT OF ENVIRONMENTAL PROTECTION AND ESTABLISHING AN OFFICE OF THE PERMIT OMBUDSMAN WITHIN THE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

EFFECTIVE DATE: Upon passage, except for the provisions governing the ombudsman, general permit extensions, water discharges, and alternative regulatory methods, which take effect October 1, 2010 and the requirement that DEP adopt water quality standards through regulations, which takes effect March 1, 2011.

**SUMMARY:** This act makes several changes to the process and practice for issuing regulatory permits and adopting regulatory requirements and standards. It requires expedited permitting for economic development projects that need environmental, public health, and transportation permits and the creation of a permit ombudsman office to coordinate the expedited permitting process.

The act sets timeframes for completing specific tasks in the environmental permitting process and requires the DEP commissioner to account for instances when those timeframes are not met. It also requires her to review timeframes for completing all processing tasks and report her findings and recommendations to the governor and the legislature by September 30, 2010.

The act authorizes various forms of regulatory relief. It allows the DEP commissioner to extend the expiration dates for general permits. It provides a procedure for canceling public hearing requests regarding environmental permit applications and requires the DEP commissioner to streamline the process for conducting public hearings. The act also authorizes DEP to establish a service advising people and entities about how to comply with environmental laws.

The act authorizes regulatory relief in other areas besides environmental protection. It requires all agencies to adopt and use the alternative regulatory methods they identified in the regulatory flexibility analysis that accompanies proposed regulations submitted to the Regulations Review Committee. The act also establishes a task force to develop a way for state agencies to identify and explain the difference between a proposed regulation and a comparable federal one.

Lastly, the act requires DEP to adopt water quality standards through the regulation review process instead of the statutory procedure provided under prior law. And it requires, instead of allows, the

commissioner to adopt regulations allowing certain water discharge systems to operate without first submitting plans and specifications to her for approval.

#### Sections 3 & 12 — Office of Permit Ombudsman

#### Eligible Projects

The act requires the DECD commissioner to establish an office for expeditiously reviewing applications for state licenses and permits. The office, called the Office of the Permit Ombudsman, must do this for economic development projects that also require an environmental, transportation, or public health license or permit. The office must have the application for these licenses and permits expeditiously reviewed if the project:

- 1. creates at least 50 permanent, full-time equivalent non-construction jobs in any of the state's 17 enterprise zones or at least 100 such jobs elsewhere in the state;
- 2. cleans up and develops abandoned or underused property (i.e. brownfields);
- 3. is compatible with the state's responsible growth initiatives;
- 4. develops a mix of different but compatible uses near transportation facilities and infrastructure (i.e. transit-oriented development); or
- 5. develops green technology businesses (i.e. a business that employs at least 25% of its workers in jobs that use or develop green technology or fall into DECD's or the Labor Department's occupation codes for green jobs).

The commissioner may provide expedited reviews for other types of projects based on their "economic impact factors." These include:

- 1. the project's proposed wage and skill levels compared to those in the surrounding area,
- 2. the extent to which the project will diversify and strengthen the local and state economy,
- 3. the project's total capital investment, and
- 4. the extent to which the project complements the municipality's and the state's strategic economic development priorities, as determined by the commissioner in consultation with the transportation, public health, and environmental protection commissioners.

The act explicitly excludes permit applications for specific types of projects from expedited review unless the commissioner decides they qualify based on economic impact factors. These projects are those whose primary purpose is to:

1. dispose of solid, biomedical, or hazardous wastes;

- 2. produce electricity, unless the production is incidental and not the project's primary function;
- 3. extract natural resources;
- 4. produce oil; or
- 5. construct, maintain, or operate an oil, petroleum, natural gas, or sewerage pipeline.

Projects that do not qualify for expedited review may still apply for permits under the regular permitting process.

Interagency Expedited Review Process

The act contemplates an interagency expedited review process involving the ombudsman office and the departments of Environmental Protection, Public Health, and Transportation. These departments must each designate at least one staff member to serve as a business ombudsman and liaison with DECD's permit ombudsman. They must do this with existing and available resources. DECD's ombudsman, at the commissioner's behest, may request help from any state department, board, commission, or other agency needed to implement expedited reviews. And these entities must make reasonable efforts to provide that help.

*Memorandum of Understanding (MOU)* 

The act does not specify the process for expedited reviews, but instead requires the permit ombudsman office and the three departments to do so in a MOU, which they must prepare and execute. The MOU must specify each agency's role in the process and allow the public, where appropriate, to participate in it. The MOU must also allow the agencies to consolidate proceedings and hearings they usually hold separately and conduct them in one location. It must allow them to do so only to the extent feasible.

The MOU may allow the agencies to waive or modify procedural rules governing forms, fees, procedures, or time limits for reviewing or processing the permit applications. But it limits their authority to waive or modify rules when they issue permits under federal rules. In these cases, the waivers and modifications must be allowed under those rules or be consistent with them. In no case can the MOU allow the agencies to waive statutory or regulatory environmental requirements. Nor can the MOU allow agencies to modify, qualify, or otherwise alter existing nonprocedural standards unless the law explicitly allows it.

#### Expedited Permitting Guidelines

Subject to the DECD commissioner's approval, the permit ombudsman must prepare guidelines for implementing an interagency expedited review process. At a minimum, the guidelines must provide:

- 1. agency contacts for filing applications and obtaining information about permit requirements;
- 2. names of the official(s) responsible for expediting permit applications;

- 3. single, coordinated project description forms and checklists;
- 4. an interagency agreement to reduce duplicative information requirements;
- 5. a fee structure for expedited permits; and
- 6. mandatory pre-application reviews.

The pre-application reviews must be designed to reduce conflict by providing applicants with information regarding:

- 1. the permits they need from each agency;
- 2. specifications for determining a site's suitability and limitations, planning and developing the site, and designing facilities; and
- 3. steps the applicant can take to expedite the process for obtaining permits and local comprehensive plan amendments.

When preparing the guidelines the permit ombudsman may ask for and receive help from private groups, including a statewide business association, the Office of Responsible Growth, and a small business association.

#### Annual Report

DECD must include the ombudsman's activities in its comprehensive annual report to the legislature. It must:

- 1. name the parties whose applications were expeditiously reviewed;
- 2. the date each party requested this review;
- 3. the reasons why they claimed they were eligible for expedited review;
- 4. the agencies that participated in the review;
- 5. the date for granting or denying the permit or deciding that the application did not qualify for expedited review; and
- 6. if applicable, the reasons why the applicant did not qualify for expedited review.

#### **ENVIRONMENTAL PERMITTING**

#### Section 1(b) — Increased Certainty

By law, DEP must adopt regulations specifying schedules for completing different tasks in the environmental permitting process. The act specifies goals for completing some of these tasks. By law, DEP must review each application and notify the applicant in writing about any deficiencies. The act requires DEP to make reasonable efforts to complete these tasks within 60 days after receiving the application.

When DEP notifies the applicant about deficiencies, by law it may ask the applicant for additional information that addresses those deficiencies. If the applicant responds, DEP must issue a tentative determination to grant or deny the permit. The act requires DEP to make reasonable efforts to issue that determination within 180 days after it determined the materials were sufficient. But it specifies that the 180-day period does not include the time the applicant is compiling the information.

#### Section I(c) — Accountability

The act requires the DEP commissioner to account for each instance when DEP did not meet the act's goals for processing an application. She must annually compile information about instances in which the schedules where not met and report it on DEP's website. In doing so, she must sort the information by type of permit and explain why DEP did not meet the schedule.

#### Section 1(a) — Comprehensive Review and Pilot Expedited Permitting Process

The act requires the commissioner to review the timeframes for processing individual permits, which DEP requires for activities that could affect the environment.

The commissioner must begin reviewing the timeframes within seven days after the act takes effect and report her findings to the governor and the Environment Committee by September 30, 2010. The report must:

- 1. propose a plan for a pilot expedited permitting process for at least 200 typical manufacturing or industrial facilities;
- 2. prescribe changes to DEP's schedules for reviewing individual permit applications; and
- 3. identify the additional resources, staff, and programmatic changes needed to implement these changes.

Proposed changes to the review schedule may include the time allotted for notifying applicants about problems with their applications and the likelihood that DEP will approve a revised application.

#### REGULATORY RELIEF

#### Section 5 — Extending Expiration Date for General Permits

The act allows the DEP commissioner to extend the expiration dates for general permits by one year. But she must first notify the public that she intends to do so by renewing the permit. When the commissioner renews a permit, the act requires her to publish a notice to that effect at least 180 days before the permit's expiration date. She may charge a fee for extending the expiration date, but not for more than the amount of the permit's current fee.

A permit renewed under the act remains in effect until the commissioner decides whether to renew it as the law allows. But she must decide whether to do so on or before the 12<sup>th</sup> month after the expiration date. The permit automatically expires if the commissioner makes no decision by that time. The commissioner's authority to extend general permit expiration dates does not relieve people and organizations from applying for permits as the law requires.

#### Section 7 — Withdrawing Public Hearing Request

Several statutes and regulations require the commissioner to hold a public hearing before acting on a permit application. Most require her to do so if at least 25 people sign a petition requesting a hearing. The act provides a procedure for canceling a scheduled hearing or ending one that was started and continued. The procedure starts with the parties petitioning for a hearing. Under the act, they may designate in the petition a person authorized to discuss the application and, depending on the outcome of those discussions, withdraw the petition.

If the designated person withdraws the petition, he or she and the commissioner must notify different parties to this action. The designated person must notify the commissioner in writing and serve a copy of that notice to all interested parties and intervenors. The withdrawal notice ends the hearing process unless the commissioner received other petitions to hear the application. In that case, the process ends only if all the other petitions are withdrawn.

The commissioner must notify the public that she is canceling or terminating the hearing. She must do so by publishing a notice or having one published at least once in a newspaper serving the affected area. The notice must indicate that the hearing is being canceled or terminated because the petition has been withdrawn. The commissioner must publish the notice at the permit applicant's expense.

Although the act allows the petitioners to withdraw the petition, the commissioner may still conduct, continue, or complete the hearing if she determines it serves the public interest.

#### Section 10 — Regulatory Flexibility Analysis

The act changes the scope of the regulatory flexibility analysis all agencies must prepare before adopting a proposed regulation. When agencies prepared the analysis under prior law, they had to identify and consider using other methods to achieve the regulation's goal while minimizing the adverse impact the regulation could have on small businesses. The act, instead, requires agencies to use these other methods to the extent it is appropriate.

#### Section 8 — Consulting Service Program

The act requires the DEP commissioner to establish a consulting service that is substantially similar to the one run by the Labor Department's Division of Occupational Safety and Health. That service helps businesses and state and local agencies comply with occupational safety and health standards without risking citations or penalties. It has no enforcement powers and does not exchange information with the staff that does. The DEP service must neither impose civil penalties on its clients nor issue violation notices to them for minor violations as long as they are making reasonable efforts to comply with environmental laws and regulations.

The commissioner must establish the service in conjunction with the U. S. Environmental Protection Agency (EPA). The act requires her to begin negotiating with EPA about creating the service by September 1, 2010. It also requires her to reallocate existing resources and adjust current policies needed to run the service by October 31, 2010.

If EPA's requirements are incompatible with delivering the service, the commissioner must consult with representatives of the regulated entities about other ways to help businesses and municipalities comply with environmental laws and regulations. The alternatives may include training sessions, materials available on DEP's website, best management practices manuals, and other forms of compliance assistance.

#### Section 11 — Implementing Federal Standards and Procedures

The act establishes a task force concerning the kind of information state agencies must provide when proposing regulations for an activity subject to federal standards and procedures. When DEP proposes such regulations under existing law, it must identify and explain how they differ from the federal ones and include this information in the record it submits to the Regulations Review Committee. The task force must study how to impose similar requirements on all state agencies.

The task force must consist of the banking, transportation, social services, public health, and children and families commissioners or their designees. The governor must appoint the chairperson within 30 days after the act's effective date. The task force must report its findings and recommendations to the governor and the Regulations Review Committee by October 1, 2010. The findings must address how the additional disclosure requirements would affect state agencies. The task force terminates when it submits the report.

#### Section 2(a) — Streamlining Environmental Permitting Process

The act requires the DEP commissioner to study the environmental permitting process and recommend how to streamline it, and to do so in coordination with people representing municipalities, the business community, and environmental groups.

The study must focus on the process for issuing general permits and how the Connecticut Environmental Protection Act (CEPA) affects businesses, the permitting process, and the environment. CEPA requires all state agencies to consider how a proposed action could affect the environment without mandating a particular outcome (CGS 22a-1a through 22a-1h). The study must assess how CEPA affects the:

- 1. business community,
- 2. time it takes to process a permit,
- 3. degree to which the permit processing time and its outcome are known, and
- 4. permitting process' ability to protect and preserve the environment.

The study must also recommend ways to improve the permitting process and reduce the time it takes to make a final decision about a permit application. The commissioner must develop these recommendations in consultation with the groups mentioned above.

The commissioner must report her findings, recommendations, and proposed statutory changes to the governor and the Environment Committee by September 30, 2010

#### Section 2(b) — Streamlining the Public Hearing Process

The act requires the commissioner to improve DEP's process for conducting public hearings. Within 30 days after the act takes effect, she must implement procedures that:

- 1. increase the use of settlement conferences,
- 2. enforce the submission of prehearing evidence, and
- 3. require the filing of prehearing written testimony.

The act also requires her to analyze how DEP's Office of Adjudications conducts hearings. In doing so, the commissioner must consider appropriate ways for the public to participate in the process. For water permits, she must also consider appropriate ways to comply with the federal Clean Water Act's public hearing requirements. The act imposes no deadline for completing or submitting the analysis.

#### WATER STANDARDS

#### Section 9 — Regulatory Standards

The act requires the DEP commissioner to adopt water quality standards in regulations instead of through the statutory procedure specified under prior law. The prior procedure required agencies to notify the public at least 30 days before proposing to adopt a regulation. The act requires DEP to notify the public at least 90 days before proposing a regulation adopting, amending, or repealing a water quality standard. The notice must specify that the public may inspect the documents upon which DEP based the proposed standards.

## Section 6 — Regulations for Exempting Discharge Systems

The act requires rather that allows the DEP commissioner to adopt regulations exempting businesses and other private entities from submitting plans and specifications for certain water discharge systems.

The law, unchanged by the act, allows the commissioner to exempt people, organizations, and municipalities from this requirement without adopting regulations if the discharge:

- 1. comes from a new system that is substantially the same as the current one as long as the current one is operated in compliance with a DEP permit,
- 2. is described in a general permit,
- 3. comes from a system the commissioner determines was not designed to treat toxic or hazardous substances, or
- 4. is one the commissioner determined by regulation is not likely to cause substantial pollution (see CGS 22a-430(b)).

Prior law also allowed her to exempt systems for other types of discharges. But it did so by allowing her to adopt regulations exempting these discharges. The act requires her to adopt such regulations by June 30, 2011. By law, these regulations may (1) set minimum standards for designing and operating a discharge treatment system and (2) impose reporting requirements on the system's operator.

Public Act# 10-162 SB# 175

# AN ACT TRIGGERING CERTAIN ECONOMIC DEVELOPMENT PROGRAMS AND EXTENDING THE DEADLINE FOR CERTAIN TAX EXEMPTIONS

EFFECTIVE DATE: Upon passage

**SUMMARY:** The law provides some business tax incentives, state funding programs, and other benefits in state-designated economically distressed areas, such as enterprise zones and targeted investment communities. It also provides a mechanism for extending this assistance to undesignated areas hurt by cutbacks in prime defense contracts. This act similarly extends the assistance to municipalities hurt by a major aerospace or defense plant closing affecting at least 800 or more employees.

The act also allows taxpayers in Seymour to receive the statutory five-year property tax exemption for manufacturing facilities on the 2009 grand list even if they missed the filing deadline. (SA 10-8 allows taxpayers in Seymour who missed the deadline to claim the exemption for facilities and machinery and equipment installed in them. **PA 10-1, June Special Session,** eliminates this act's narrower provision, thus allowing taxpayers to qualify for the real and personal property tax exemption under SA 10-8.)

#### MECHANISM FOR EXTENDING BENEFITS

The act provides a way to extend tax incentives and other benefits to municipalities hurt by aerospace and defense plant closings. The incentives are those the law provides to businesses in enterprise zones and other designated areas. The other benefits are those the law provides to state-designated distressed municipalities.

The process for extending the incentives and the benefits is similar to the process for extending them to businesses and municipalities severely affected by cuts in prime defense contracts. Under the act, the commissioner must determine if:

- 1. one or more businesses closed a major aerospace or defense plant in the municipality that affects at least 800 employees,
- 2. the closing has or will cause job losses in the municipality, and
- 3. the closing severely affects the municipality.

But she cannot extend the assistance until after she holds a public hearing on her findings, during which she must present supporting information.

The determination lasts for two years, during which businesses and the municipality qualify for assistance otherwise limited to the designated areas. The commissioner may renew the determination for additional two-year periods by following the process described above.

As with municipalities hurt by defense cuts, the act sets narrow conditions under which the commissioner must approve a determination for more than two years. The law requires her to do so only with respect to a municipality severely affected by defense cuts if the Defense Department (DOD) plans to convey to the municipality a closed facility that formerly produced engines for military vehicles. Under prior law the determination lasted until DOD conveyed the facility and the site was remediated, but the commissioner could extend the determination for up to two years.

The act extends this initial determination period to when the conveyed and remediated facility is reoccupied by another business. It also extends this longer determination period to municipalities the commissioner determines are severely affected by aerospace and defense plant closings. As under existing law the commissioner may renew the determination for up to two years.

#### **BENEFITS**

The commissioner's determination extends two types of benefits to the municipality. It extends enterprise zone tax incentives to businesses that improve property, acquire new machinery and equipment, and create jobs. It does so as long as the improvement does not depend on prime defense contracts or related subcontracts, the same condition that applies to improvements in municipalities hurt by prime defense contracts. The act also specifies that the benefits are available to eligible businesses that occupy a facility that was vacant on July 1, 1998 and formerly used as a major aerospace or defense plant.

The commissioner's determination also extends funding under programs limited to state-designated distressed municipalities to different types of projects in the municipality.

# Property Tax Exemptions

The property tax exemption is for manufacturers and specified service businesses that construct, renovate, or expand facilities in the municipality. It equals 80% of the new or improved property's assessed value and is good for five years. Businesses that acquire a facility also qualify for the five-year exemption if the facility was idle for at least one year before the acquisition and the business is unrelated to the seller. In this case, the exemption is based on only the assessed value of the acquired section.

Service firms also qualify for an 80%, five-year exemption on newly acquired machinery and equipment they install in the facility (by law, manufacturers pay no property taxes on manufacturing machinery and equipment).

As under the enterprise zone program, the state reimburses the municipality for half of the property tax revenue it forgoes because of the exemption.

The process for claiming the exemptions and the reimbursements is the same as the one for the enterprise zone program. Generally, a business seeking an exemption must apply to DECD for a certificate indicating that the facility and the newly acquired machinery and equipment qualify for the exemption. The business must submit the certificate to the municipality's tax assessor, who then adjusts the facility's assessment. The municipality must submit reimbursement claims to the Office of Policy and Management secretary as the law provides.

## Corporation Business Tax Credits

By law, businesses that qualify for the property tax exemptions also qualify for a corporation business tax credit equal to 25% of that portion of the tax attributable to the facility (the law specifies how businesses must calculate that amount).

#### Distressed Municipality Benefits

The act extends benefits under several existing programs to a municipality the commissioner determines to be severely affected by aerospace and defense plant closings. Existing law already does so for municipalities she determines to be severely affected by cuts in prime defense contracts. The act and the law do so by automatically designating the municipality a "distressed municipality." By law, DECD annually designates these municipalities based on demographic and economic criteria. It scores and ranks each municipality and designates the top 25 as distressed.

The designation qualifies the municipality for grants to acquire open space and restore and protect their natural features or habitats (CGS 7-131g). It also qualifies the municipality for up to 100% grants to plan municipal development projects (CGS 8-190) and up to 65% grants to implement them (CGS 8-195). Municipalities and other entities undertaking community conservation and development projects qualify for Urban Act funds (CGS 4-66c(c)).

Lastly, the designation allows housing development corporations to set higher income levels for state-funded projects in the municipality. (Most of these projects are limited to people earning no more than 80% of the area median income (AMI)). But corporations can set the limits at 250% of AMI in distressed municipalities (CGS 8-218).

Public Act# 10-164 HB# 5126

# AN ACT ESTABLISHING A CHEMICAL INNOVATIONS INSTITUTE AT THE UNIVERSITY OF CONNECTICUT

**EFFECTIVE DATE**: Upon passage

**SUMMARY:** The act creates a Chemical Innovations Institute within the University of Connecticut Health Center (UCHC) and specifies the composition of its board of directors. The institute must (1) foster green job growth and safer workplaces through clean technology and green chemistry and (2) assist businesses, state agencies, and nonprofit organizations seeking to use alternatives to harmful chemicals.

The institute and UCHC must seek administrative funding from federal entities. Both may seek funding from nongovernmental foundations, including health access foundations, private citizens, corporations, and governmental entities.

The act does not require UCHC to develop, implement, and promote the institute if there is, in aggregate, insufficient federal, state, and private funding to pay for the initial and continuing expenses of the institute.

#### INSTITUTE'S DUTIES

The institute's duties include:

- 1. working with businesses, state agencies, nonprofit organizations, workers, and community groups as a resource for information about chemicals of concern to public health and the environment, safe alternatives, and emerging state and federal regulations;
- 2. providing research and technical assistance about chemicals of environmental and public health concern and alternatives;
- 3. coordinating and sharing information with other states' institutes and an interstate chemicals clearinghouse concerning alternative chemicals and their impact on public health and the environment;
- 4. researching and identifying chemicals important to the state economy;
- 5. offering businesses training on chemical regulations and alternative chemicals; and
- 6. assisting businesses in identifying funding to implement sustainable chemical processes.

If the board of directors determines that adequate funding exists, the institute may establish technical assistance grants to businesses and nonprofit organizations to assist them in switching to the use of safer chemical alternatives.

#### **BOARD OF DIRECTORS MEMBERSHIP**

The institute is overseen by an eight-member board of directors. Its executive director, appointed by the UCHC, is an ex-officio board member. The remaining seven members are:

- 1. one representative of a large Connecticut manufacturer that participates in the international marketplace and has implemented, or is implementing, green chemistry in its manufacturing, appointed by the governor;
- 2. one representative of a small Connecticut manufacturer, appointed by the Senate president protempore;
- 3. one representative of a statewide occupational health and safety organization or union health and safety committee, appointed by the House speaker;
- 4. one individual with expertise in implementing sustainable business practices, appointed by the Senate majority leader;
- 5. one representative of a statewide nonprofit environmental health organization, appointed by the House majority leader;
- 6. one health professional or scientist with expertise in the effects of prenatal exposure to chemicals or occupational environmental health, appointed by the Senate minority leader; and
- 7. one individual with green chemistry training and expertise, appointed by the House minority leader.

Members must be appointed by August 15, 2010. If an appointing authority fails to appoint an initial board member by August 31, 2010, the act requires the Senate president pro tempore and House speaker to jointly appoint a qualified board member to serve the full term.

The board must appoint two of its members to serve as co-chairpersons.

#### MEETING REQUIREMENTS

The board meets at the discretion of the chairpersons, but at least once per year. A quorum of four members is required to conduct business.

#### MEMBERSHIP TERM

Initial appointees serve staggered terms: (1) the governor's appointee has a two-year term, (2) the appointees of the Senate president pro tempore and House speaker serve three-year terms, and (3) the

appointees of the Senate and House majority and minority leaders serve four-year terms. After the initial appointments, all members serve four years.

#### REPORTING

The board must review the institute's progress in meeting its stated duties and work to identify potential funding sources. By January 15 annually, it must submit a report to the Environment Committee on the activities of the previous year, including funding option recommendations.

Public Act# 10-168 HB# 5383

# AN ACT CONCERNING REGIONAL ECONOMIC DEVELOPMENT

EFFECTIVE DATE: July 1, 2010

**SUMMARY:** This act allows regional planning and economic development organizations to propose regional economic development districts (REDDs) that the governor designates, prepare strategies to develop them, and apply for state and federal economic development funds. The act specifies criteria for drawing district boundaries and procedures for preparing, reviewing, and approving strategies.

The procedures require proposed districts and strategies to be approved by the DECD commissioner and Office of Policy and Management (OPM) secretary. After these agencies approve a strategy, the district may submit it to the U. S. Department of Commerce for approval and apply for and receive federal funds.

#### REGIONAL ECONOMIC DEVELOPMENT DISTRICTS (REDD)

The act allows several types of organizations, by themselves or together with similar organizations, to establish REDDs, with the approval of the DECD commissioner and OPM secretary, and establish boards of directors to govern them. They are:

- 1. regional economic development commissions or corporations,
- 2. organizations with a federally approved comprehensive economic development strategy,
- 3. certain nonprofit corporations, and
- 4. regional planning organizations.

The act permits only eight REDDs to be established in the state. A proposed district's boundaries must encompass OPM-designated planning regions or, to the extent practicable, conform to county boundaries. Each district must include an area that meets economic distress criteria established in federal regulation (13 CFR 301.3(a)(1)).

#### COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY (CEDS)

The act requires any REDD board of directors to prepare and approve a CEDS that addresses the region's economic development problems. The strategy must do this in a manner that:

- 1. promotes economic development and opportunities and housing availability,
- 2. fosters effective transportation access,
- 3. improves workforce development,
- 4. enhances and protects the environment,
- 5. balances resources by soundly managing development, and
- 6. encourages responsible growth and development.

(Federal law also requires CEDS to address promoting the use of technology in economic development (42 USC 3162 (a) (3) (A)).

#### The strategy must:

- 1. analyze the district's economic and community development problems and opportunities and incorporate information or suggestions from other publicly sponsored or supported plans;
- 2. provide historical and background information about the district's economic development situation, including its economy, geography, population, labor force, resources, and environment;
- 3. describe how the community participated in developing the strategy;
- 4. set goals and objectives for taking advantage of the district's opportunities and solving its economic development problems;
- 5. provide an action plan to achieve these goals and objectives; and
- 6. specify the performance measures the board will use to determine if the goals are being met.

#### REVIEW AND APPROVAL PROCESS

The board must formally approve the CEDS and submit it to regional and state agencies for review and approval. It must first submit the CEDS to the regional planning organizations that include a geographic area served by the REDD unless the organization is not part of it. These organizations have up to 90 days to study the strategy and report their findings and recommendations to the board.

The board must then submit the CEDS to the DECD commissioner and the OPM secretary, who have up to 60 days after receiving it to approve it or recommend changes making it consistent with their

respective five-year plans. By law, the commissioner prepares the state economic development strategic plan, the first iteration of which was due July 1, 2009. The secretary prepares the State Plan of Conservation and Development (Plan of C&D), the next revision of which is due in 2012 (see BACKGROUND).

The board must conform the strategy to the commissioner's and secretary's recommendations and resubmit it to them for review. These officials have up to 60 days to act on the initial or subsequent submission. If they do not, the strategy is deemed approved.

The board must submit annual reports to the commissioner and the secretary on the strategic plan's implementation. It must revise the strategy at least every five years and submit it to these officials for review and approval under the same procedures they used to review and approve the initial strategy.

#### CONSOLIDATION AND FEDERAL APPROVAL

REDDs must submit their approved CEDSs to the DECD commissioner and OPM secretary for review for the purpose of consolidating strategies into no more than eight regions in the state. Once the state officials make recommendations and they and the REDD boards concur, the commissioner and secretary may submit the strategy to the U. S. Department of Commerce (DOC) for approval under federal law.

An approved REDD can request:

- 1. the DECD commissioner to recommend to the governor that she designate the district as an economic development district and
- 2. federal designation from the DOC as an economic development district, making it an eligible recipient for federal economic development grants.

## **GRANTS AND BOND FUNDS**

The act explicitly authorizes the DECD commissioner to provide REDDs with priority regional grants, within available appropriations, for municipal development and Economic Development and Manufacturing Assistance Act projects. It also makes projects connected with the CEDS eligible for DECD bond funds.

#### **BACKGROUND**

Designating Districts under Federal Law

Federal law allows entities to designate districts, establish organizations to plan and implement regional strategies, and qualify for economic development funds through the DOC's Economic Development Administration's Investment Assistance Program. It specifies the criteria DOC must use to approve a proposed district. Based on the criteria in regulations, DOC approves the district if it:

- 1. contains at least one economically distressed area that meets specified unemployment and income thresholds.
- 2. encompasses a sufficiently large area and has enough people and resources to foster economic development of more than one economically distressed area,
- 3. has a DOC-approved CEDS that was also approved by a majority of the counties in the proposed district, and
- 4. obtains the current approval of the state or states in which it is located.

Related Act

PA 10-138 postpones the next revision of the State Plan of Conservation and Development from 2011 to 2012.

Public Act# 10-169 HB# 5202

#### AN ACT CONCERNING TELECOMMUTING OPTIONS FOR STATE EMPLOYEES

**EFFECTIVE DATE:** July 1, 2010

**SUMMARY:** Prior law allowed the Department of Administrative Services (DAS) commissioner to develop and implement guidelines authorizing state employee telecommuting and work-at-home programs. The act instead requires the commissioner to develop and implement these guidelines, within available appropriations, to (1) increase worker efficiency and productivity, (2) benefit the environment, and (3) reduce traffic congestion.

Under the act, a telecommuting or work-at-home assignment must meet the programs' guidelines. It eliminates the requirement that an assignment must be determined to be cost effective.

It specifies that the guidelines and the decision on whether a position is appropriate for telecommuting are not subject to collective bargaining. By law, the guidelines must be developed and implemented in cooperation with state employee unions.

#### **AUTHORIZATION AND DURATION**

The act specifies that agency heads and the executive director of the Office of Legislative Management, or her designee, may authorize employees to participate in the programs. It eliminates the requirement that the DAS commissioner also approve an employee's participation.

The act eliminates the six-month limit on telecommuting assignments. Instead it states that the assignment must be temporary and may be terminated as required by agency operating needs.

Each agency must provide the DAS with a copy of each telecommuting or work-at-home program agreement authorized for an employee.

#### REPORTING TO THE LEGISLATURE

The act requires the DAS commissioner to provide her annual report on employee use of the program to the Government Administration and Elections Committee. The law already required the report to be submitted to the Labor and Public Employees Committee.

Public Act# 10-179 SB# 494

# AN ACT MAKING ADJUSTMENTS TO STATE EXPENDITURES FOR THE FISCAL YEAR ENDING JUNE 30, 2011

**EFFECTIVE DATE**: Various, see below.

**SUMMARY:** This act makes numerous changes. The section by section analysis follows.

# Sections 1-12 – Budget Adjustments

Please refer to the Office of Fiscal Analysis fiscal note for an explanation of these sections.

#### Section 13 – Transfers to the General Fund

The act transfers money from various special funds and accounts to General Fund revenue for FY 11 as shown in Table 1.

Table 1: Transfers to the General Fund for FY 11

From	Amount
Citizen's Election Fund (on or after January 1, 2011)	\$ 5,000,000
Workers' Compensation Fund	4,000,000
Banking Fund	9,000,000
Community Investment Account	5,000,000

EFFECTIVE DATE: July 1, 2010

#### Section 14 – HOME CT Carryforward

The act carries forward to FY 11 the unspent balance as of June 30, 2010 of funds appropriated to the DECD for Home CT. This program provides grants to towns that choose to zone land for developing housing mainly where transit facilities, infrastructure, and complementary uses already exist or have been planned or proposed. Towns receive the incentives only after establishing an incentive housing zone and approving incentive housing developments in the zone.

EFFECTIVE DATE: July 1, 2010

#### Section 16 – Veterinary Medicine Grants

The act makes changes the Department of Higher Education's (DHE) Kirklyn M. Kerr program established by Section 33 of Public Act 10-3 to provide grants to Connecticut residents who are enrolled in an accredited veterinary graduate school and plan to practice veterinary medicine. In order to be eligible for the program, the act requires students to make a written commitment to either work as a veterinarian in Connecticut for five years following graduation or else repay any support received. It eliminates a recipient's ability to delay repayment of the award if he or she pursues additional veterinary training outside of Connecticut. The act also specifies that the program will provide support to students, not grants.

PA 10-3 requires those students who do not practice veterinary medicine in the state for at least five years to repay a fixed percentage of their award that is based on the number of years they practice in Connecticut. The act instead requires recipients to repay at least 20 percent of their award for every year in the five-year period that they do not practice in Connecticut and it requires the DHE commissioner to determine the manner of repayment. It also removes provisions concerning (1) the maximum length of repayment, (2) minimum monthly payment amount, and (3) the commissioner's ability to grant deferments or forgive repayments.

Lastly, the act makes technical changes.

EFFECTIVE DATE: Upon passage

# Section 21—Connecticut Home Care Program for Elders (CHCPE)

The act reduces, from 15% of the cost of care to 6%, the co-payment required from certain participants in the state-funded portion of CHCPE that was established in PA 09-5, September Special Session. Participants with incomes over 200% of the federal poverty level must still pay an amount of applied income DSS determines in addition to their 6% co-pay. CHCPE participants who live in state-subsidized assisted living demonstration projects are exempt from the cost-sharing requirements.

EFFECTIVE DATE: July 1, 2010

#### Sections 31-32 — Budgets & Reductions for the Branches of Government

For a budget act passed for the biennium or making changes to a previously adopted biennial budget with statewide budget reductions not allocated by budgeted agency, the act requires the budget act to specify the amount to be achieved in each branch of government. Beginning with FY 11, the act requires that the initial allotment requisition for each line item appropriation to the Legislative and Judicial branches for a fiscal year be based on the amount appropriated to the line item for the fiscal year minus any reductions the branch must achieve in that year.

#### Reductions by the Governor

The law allows the governor to reduce allotment requisitions or allotments in force up to certain amounts under certain circumstances (see BACKGROUND).

Under current law, the governor cannot reduce allotments for any budgeted agencies of the Legislative or Judicial Branch but she can require an aggregate allotment reduction of a specified amount and the Legislative Management Committee or chief court administrator, as appropriate, achieves these reductions and submit them to the governor through the OPM secretary within 15 days. The act replaces these provisions and instead allows the governor to propose reductions under a new set of procedures.

#### Under the act:

- 1. within five days of the effective date of a proposed reduction, the OPM secretary must provide notice of the amount, effective date, and reasons for reductions to the (a) Senate president pro tempore and House Speaker of changes affecting the Legislative Branch and (b) chief justice of changes affecting the Judicial Branch;
- 2. within three days of receiving notice, any of the notified officials can provide a written notice to the OPM secretary and Appropriations Committee chairpersons of objections to the reductions;
- 3. the Appropriations Committee may hold a public hearing on the reductions and the reductions are effective unless the committee rejects them by a 2/3 vote within 15 days of receiving the objection notice;
- 4. if the committee rejects the reductions, the OPM secretary must present an alternative plan to achieve the reductions to the appropriate branch officials; and
- 5. if the reductions are not rejected, the Legislative Management Committee or chief justice, as appropriate, must achieve the reductions as they determine and submit the reductions to the governor through the OPM secretary within 10 days of the reductions becoming effective.

EFFECTIVE DATE: July 1, 2010

# Background—Governor's Authority to Reduce Allotment Requisition or Allotments In Force

By law, the governor can reduce an allotment requisition or allotment in force due to changed circumstances after the budget's adoption, after reporting to the Appropriations and Finance, Revenue and Bonding committees. If the comptroller's cumulative monthly financial statement shows a General Fund deficit of more than 1% of total General Fund appropriations, the governor must file a report with these two committees within 30 days and implement the plan modifying allotments to prevent the deficit.

Modifications cannot reduce the total appropriation from any fund by more than 3% or any appropriation by more than 5%, unless it is a time of war, invasion, or natural disaster emergency. If the governor's plan calls for higher reductions, she can request approval by the Finance Advisory Committee, but any modification of more than 5% of total appropriations requires the General Assembly's approval (CGS 4-85).

#### Section 35 — Rental Assistance

The act requires DSS to use up to \$450,000 appropriated to it for housing and homeless services in FY 11 to provide up to 50 rental assistance certificates to individuals and families who are frequent users of expensive state services. The act does not define the parameters of this category, but it requires the DSS commissioner to coordinate the spending for the rent certificates with the mental health and addiction services and correction commissioners, the executive director of the Court Support Services Division, and a representative of the Supportive Housing Initiative.

EFFECTIVE DATE: July 1, 2010

## Section 42—Electronic Legislative Documents

The act establishes a 15-member task force to study converting legislative documents from paper to electronic form. The task force must:

- 1. examine the feasibility and available means of producing electronically, rather than in paper form documents that the General Assembly currently produces and uses, including acts, amendments, and calendars:
- 2. take into consideration the cost of electronic production and the need to make the documents easily available to legislators, their staff, state libraries, and the public;
- 3. report its findings and recommendations to the Legislative Management Committee by December 1, 2010; and
- 4. terminate on the date it submits the report or January 1, 2011, whichever is later.

Task force members consist of four members of the Connecticut Library Association appointed by the majority leader of each legislative caucus, the three supervising committee administrators, up to two agency liaisons appointed by the OPM secretary, and the following people or their designee:

- 1. the House and Senate clerks,
- 2. the state librarian,
- 3. Legislative Management Committee chairs, and
- 4. Office of Information Technology Services director.

Caucus leader must make their appointments by June 1, 2010 and fill any vacancy therein. The Legislative Management chairs or their designees must chair the task force and schedule the first meeting by July 1, 2010. Legislative management Committee staff serves as staff of the task force.

EFFECTIVE DATE: Upon passage

#### Section 56 – Report on RIP Savings

By law, the administrative services commissioner, in consultation with the state comptroller, must report by June 15, 2011 on the savings the state realized from the 2009 retirement incentive program (RIP). The act removes the administrative services commissioner and instead gives this duty to the OPM secretary. By law, the report must include the number of participants (union and nonunion), the savings achieved by each agency, and how the savings are offset by refilling positions vacated through the RIP. The law also required a report on this due by October 15, 2009.

EFFECTIVE DATE: Upon passage

#### Section 84- UCONN Health Network Initiatives

This section makes changes to the bond authorizations for the UConn health network initiatives described in HB 5027, which has passed both the House and Senate. It allocates \$5 million for a simulation and conference center at Hartford Hospital and specifies that the center will be run exclusively by Hartford Hospital. It also allocates \$5 million for a primary care institute at Saint Francis Hospital and Medical Center and a total of \$10 million for (1) an institute for clinical and translational science at the UConn Health Center, (2) a comprehensive cancer center, and (3) a UConn-sponsored health disparities institute.

HB 5027 allocated a total of \$20 million for these five initiatives but did not specify how to allocate the money among the projects. Under HB 5027, unchanged by this section, the bonds cannot be issued unless \$100 million in federal, private, or other nonstate money is received. The bond authorizations for the UConn health network initiatives are as follows:

#### UConn Health Network Initiative Projects

Project	Bond Authorization (in millions)
Simulation and conference center	\$ 5
Primary care institute	5
Institute for clinical and translational science	
Comprehensive cancer center	10
Health disparities institute	
Hospital of Central Connecticut	5
Institute for nursing excellence	3
Bristol Hospital	2
TOTAL	30

EFFECTIVE DATE- Upon passage

# Section 85 - Department of Public Health Grants; Bond Authorization Earmark

The act adds an earmark to a bond authorization to DPH for (1) grants for hospital-based emergency service facilities and to community health centers and primary care organizations for equipment purchases and facility improvement and expansion, including land or building acquisition. It reserves up to \$3 million of the funds for enhancements to the accessibility and efficiency of health care services in Hartford.

It bars the bond commission from allocating the funds until (a) the contribution of \$100 million in federal, private, or other nonstate money required by sHB 5027, as amended, is available and (b) the commission has allocated the bonds authorized in that act for UConn health center initiatives.

The act requires the \$3 million reserved amount to be allocated as follows:

- 1. Charter Oak Health Center, Inc. and Community Health Services, Inc., \$1 million each for the purchase of medical equipment to provide electronic medical records and develop access to remote treatment and training centers, and
- 2. the Hispanic Health Council, \$1 million for renovation and repairs.

EFFECTIVE DATE: July 1, 2010

#### Sections 138-140 — Green Connecticut Loan Guaranty Program

Prior law authorized the issuance of \$5 million of bonds annually, with the proceeds going to the Conservation and Load Management Fund for low-interest loans for energy conservation. The act reverses the provision of SB 25 of this session which eliminates the authorization. It requires that the proceeds of the sale of bonds that had been authorized but were not allocated by the State Bond Commission as of the act's passage date, and the additional amount of \$5 million in bonding authorized by the act on July 1, 2010, be deposited in the Green Connecticut Loan Guaranty Fund it establishes.

The act requires the Connecticut Health and Educational Facilities Authority (CHESLA) to use this money for the Green Connecticut Loan Guaranty Fund Program the act establishes. However, no more than \$18 million dollars can be deposited in the guaranty fund, although the State Bond Commission can authorize the deposit of additional amounts in the guaranty fund.

CHESLA must use the money in the guaranty fund to guarantee loans made by participating lending institutions to eligible participants for energy conservation projects, including for two or more joint eligible energy conservation projects. The eligible participants are individuals, nonprofit organizations, and businesses employing up to 50 full-time employees. The institutions that can participate are state- and federally-chartered banks, trust companies, savings and loan association's and credit unions and any insurance company authorized to do business in Connecticut that participates in the Green Connecticut Loan Guaranty Fund. CHESLA can use all of its existing powers in administering the program.

Eligible participants can borrow money from a participating lending institution for any energy conservation project for which CHESLA provides guaranties. In connection with this guaranty, (1) the borrower must enter into any loan or other agreement and make such covenants, representations and indemnities as the lending institution deems necessary or appropriate, and (2) the lending institution must enter into a guaranty agreement with CHESLA, under which CHESLA agrees to provide a first loss guaranty of an agreed percentage of the original principal amount of loans for eligible projects.

CHESLA, in consultation with the Office of Policy and Management (OPM), must identify types of projects that are eligible for the program. These can include the purchase and installation of insulation, alternative energy devices, energy conservation materials, replacement furnaces and boilers, and technologically advanced energy-conserving equipment. CHESLA, in consultation with OPM, must establish priorities for financing eligible projects based on need and quality determinants. CHESLA must adopt procedures to implement the program.

#### Sections 145, 146, 148 & 150 – Authorization for Hartford Economic Development Project

The 2010 bond act (SB 25, as amended by Senate "A") established three bond pools to fund specified projects in Bridgeport, Hartford, and New Haven. This act eliminates a project for planning and implementation of the Upper Reservoir Avenue Corridor Revitalization Initiative Project from Hartford's \$5.7 million pool authorization for economic development projects (Pool 1) and restores the separate \$500,000 authorization for that project. It adjusts the appropriate supertotal section to reflect the \$500,000 add-back and corrects an internal reference.

EFFECTIVE DATE: July 1, 2010, except for the restoration of the separate bond authorization for the project, which is effective on passage.

EFFECTIVE DATE: July 1, 2010 for the supertotal section change; upon passage for the restoration of the project authorization.

Public Act# 10-188 HB# 5494

# AN ACT CONCERNING VARIOUS CHANGES TO TITLE 12 AND TO THE TAX CREDIT PROGRAM FOR REHABILITATION OF CERTIFIED HISTORIC STRUCTURES

EFFECTIVE DATE: Various, see below.

**SUMMARY:** This act:

- 1. eliminates a state corporation tax deduction for federally deductible dividends companies receive from "captive" real estate investment trusts (REITs) unless the captive REIT is also subject to the Connecticut corporation tax;
- 2. modifies and expands requirements for filing amended corporation and income tax returns when a taxpayer files an amended federal corporation tax return or an amended income tax return with another state or the District of Columbia;

- 3. requires inactive sellers to surrender their state sales tax permits and changes the notice and hearing requirements before the Department of Revenue Services (DRS) may cancel an inactive seller's permit;
- 4. standardizes motor carrier tax report filing deadlines and eliminates all reporting for carriers that operate only within Connecticut and buy all their fuel here;
- 5. eliminates municipalities' role in approving individual Neighborhood Assistance Act tax credit applications (municipalities must still approve the credit-eligible programs); and
- 6. allows the DRS commissioner to require more taxpayers and employers to electronically file tax returns and transfer tax payments and withholding taxes.

The act also allows property owners eligible for business tax credits for projects that rehabilitate historic structures for mixed commercial and residential use to receive tax credit vouchers for completing and placing in service a portion of the project that does not include residential uses. Under prior law, owners completing a project in phases could obtain credit vouchers only for individual residential units that are an identifiable portion of the building.

Finally, the act eliminates two obsolete tax commissions and an annual report to the legislature on DRS' annual cigarette tax enforcement activities. It also makes technical and conforming changes (sections 4, 8, 14, and 16).

# Sections 1-3 — Disallowance of Corporation Tax Deduction for Captive Real Estate Investment Trust (REIT) Dividends

In calculating net income for Connecticut corporation tax purposes, the law requires companies to count dividends they receive from certain real estate investment trusts (REITs). This act expands this provision to require companies to include dividends paid from "captive" real estate investment trusts (REIT) in their taxable net income unless the captive REIT is also subject to the Connecticut corporation tax.

The act defines a "captive REIT" as one that (1) for any taxable year, qualifies for special federal tax treatment (see BACKGROUND); (2) is not regularly traded on an established securities market; (3) has more than 50% of its shares directly or constructively owned or controlled by a single-entity corporation; and (4) is not a "qualified" REIT. State law defines a "qualified REIT" as one that (1) was formed and had at least \$500 million in real estate assets contributed to it before April 1, 1997 and (2) elected before April 1, 1998 to be treated as a REIT for federal tax purposes. Deductions for intercompany dividends from nonqualified REITs are already disallowed for Connecticut corporation tax purposes under CGS 12-217(a) (3).

Under the act, a REIT is not considered a "captive REIT" if more than 50% of its beneficial or voting shares are owned by a single-entity corporation controlled by an entity that:

- 1. for any taxable year, qualifies for special federal tax treatment as a REIT;
- 2. is exempt from federal taxes;

- 3. is a foreign REIT organized in a country that has a tax treaty with the U. S. that addresses the tax treatment of REITs; or
- 4. is a REIT that (a) will become regularly traded in an established securities market, (b) has at least 100 shareholders, and (c) is not closely held.

Under the act, REIT shares are considered to be "constructively owned" by someone if they are owned by (1) the person's spouse or his natural or adopted children, parents, or grandparents; (2) a partnership, S corporation, or trust in proportion to the person's ownership share in the entity; or (3) a corporation in proportion to the person's ownership share, provided the person owns at least 10% of the corporate shares (IRC § 318 (a) as modified by IRC 856 (d)(5)).

EFFECTIVE DATE: Upon passage and applicable to income years starting on or after January 1, 2010.

## Sections 8-10 — Neighborhood Assistance Act Tax Credits

The Neighborhood Assistance Act (NAA) provides business tax credits to companies that invest in certain municipally approved community activities and programs.

The act eliminates municipalities' role in approving tax credit proposals from individual businesses. Under prior law, the DRS commissioner had to refer each such proposal to the municipal agency in charge of overseeing the credit-eligible program. The agency had 30 days to approve or disapprove the application. Failure to act constituted disapproval. The act also eliminates municipal approval or disapproval as a factor in the DRS commissioner's decision to approve a tax credit application. Instead, it requires to commissioner to decide based on whether the application was (1) submitted on time (i.e. between September 15<sup>th</sup> and October 1) and (2) complies with the NAA's requirements.

Finally, the act increases the NAA credit for business investments in community-based alcoholism prevention or treatment programs from 40% to 60% of the investment, thus making it match the 60% credits generally applicable to most other NAA activities.

The act also makes a technical change.

EFFECTIVE DATES: July 1, 2010 for the provision eliminating the municipal approval requirement and upon passage for the other provisions. The technical change applies to income years starting on or after January 1, 2010.

#### Section 11 — Electronic Funds Transfer And Electronic Filing Requirements

The act expands the DRS commissioner's authority to require taxpayers and employers to pay taxes or transfer withholding taxes electronically.

Under prior law, the commissioner could require electronic payment from those whose annual tax liability or employer withholding tax payment requirements are more than \$10,000. The act reduces the thresholds to (1) \$4,000 or more in annual tax liability and (2) more than \$2,000 in annual withholding tax payments.

It also requires any taxpayer that, by DRS regulation, is required to file tax returns, statements, and other documents electronically to also pay the applicable taxes electronically. The payment requirement does not apply to tax return preparers.

EFFECTIVE DATE: July 1, 2010

#### Sections 15 & 16 – Historic Structures Tax Credit

Projects Completed in Phases

Property owners who rehabilitate historic structures for mixed commercial and residential use are eligible for business tax credits. Those completing projects in phases can receive tax credit vouchers for completing work on, and placing in service, an identifiable part of the building. Under prior law, the only project phases eligible for credit vouchers were individual residential units. This act allows an owner to receive a voucher for a substantial rehabilitation of an identifiable part of a building even if the completed portion includes no residential units.

By law, before beginning any work, an owner must apply for a credit to the Commission on Culture and Tourism (CCCT). He or she must submit a rehabilitation plan, expenditure estimates, and other information to CCCT for its review and approval. This act requires any owner who plans to complete the rehabilitation in phases to also provide a full description of each phase, with anticipated completion schedules. The plan must include a description of the residential uses and schedule for completing them.

The owner must notify CCCT when he or she has completed and placed in service an identifiable portion of the building, document the work performed on that portion, and submit a cost certification. After reviewing the rehabilitation phase and verifying that it complies with the plan, CCCT must issue a tax credit voucher.

#### Credit Voucher Recapture

If the property owner fails to complete the residential portion of the project within the schedule specified in the plan, the owner must repay ("recapture") 100% of the credit voucher amount on his or her tax return for the income year following the year of the failure. The act allows CCCT to extend the completion deadline for the residential portion for a maximum of three years.

EFFECTIVE DATE: July 1, 2010. The voucher provision applies to income years starting on or after January 1, 2010.

Public Act# 10-190 HB# 5498

AN ACT CONCERNING STATE CONTRACTS FOR MICRO BUSINESSES, UTILITY DEPOSITS FROM CONNECTICUT BUSINESSES, THE SET ASIDE OF DEPARTMENT OF TRANSPORTATION CONTRACTS FOR SMALL BUSINESSES, GRANTS FOR REGIONAL REVOLVING LOAN PROGRAMS FOR MICROENTERPRISES, & THE ISSUANCE OF ELIGIBILITY CERTIFICATES FOR CERTAIN ECONOMIC DEVELOPMENT PROGRAMS

#### **SUMMARY:**

This act provides several forms of assistance to smaller businesses. It:

- 1. requires Public Works Department (DPW) selection panels to consider whether a business has annual gross revenues under \$3 million in deciding which consultants are pre-qualified to work on projects,
- 2. prohibits a utility company, other than a telephone company, from requiring nonresidential customers to pay a deposit greater than the amount the company charges for 1.5 months of service,
- 3. requires the Public Utility Control Department (DPUC) to study utilities' use of service deposits from nonresidential customers,
- 4. permits the Transportation Department (DOT) to set aside contracts or portions of contracts for very small businesses,
- 5. opens participation in the microloan program to regional revolving loan funds, and
- 6. allows the DECD commissioner to use North American Industrial Classification Code designations in place of those in the older Standard Industrial Classification Code when issuing eligibility certificates for tax credits and exemptions and grants under the Job Incentive Grant and Urban, Enterprise Zone, and Industrial Site Reinvestment programs.
- \*House Amendment "A" (1) eliminated a small business loan program, (2) exempts telephone companies from the utility company security deposit limits, (3) opens participation in the microloan program, and (4) adds the provision about use of the North American Industrial Classification Code.

EFFECTIVE DATE: July 1, 2010, except for the provisions related to utilities, the microloan program, and the North American Industrial Classification Code, which take effect on passage.

#### DPW CONSULTANT SELECTION

By law, the DPW commissioner can establish a selection panel to review and recommend the most qualified consultants to provide services on certain state construction and Connecticut Health and Education Facilities Authority projects. Consultants are architects, professional engineers, landscape

architects, surveyors, accountants, interior designers, environmental professionals, construction administrators, planners, and financial specialists.

The act requires the selection panel to consider whether a business is a "micro business," that is, a business that had less than \$ 3 million in gross revenues in the most recently completed fiscal year. The panel must already consider a consultant's knowledge of state building and fire codes.

#### UTILITY DEPOSITS

The act prohibits a public service company, other than a telephone company, from requiring a nonresidential customer to pay a deposit that is more than the amount the company charges for 1.5 months of service. The act does not define public service company. Under the utility statutes, these include electric, gas, and water companies, but not competitive gas and electric suppliers.

It requires DPUC to open a proceeding to look at utility company deposit collection from nonresidential customers. DPUC must examine, at a minimum, (1) criteria for determining these customers' creditworthiness, (2) criteria for returning deposits plus interest, and (3) provisions for collecting deposits from customers that move within the same service area of the same company. The act requires DPUC to report to the Energy and Technology Committee by January 1, 2011.

#### DOT SET-ASIDE

The act permits DOT to set aside contracts or parts of contracts for contractors or subcontractors that had less than \$3 million dollars in gross revenues in the most recently completed fiscal year. It also permits DOT to require general or trade contractors or other entities DOT authorizes to award contracts to do this.

By law, each state agency must set aside at least 25% of the value of its contracts each year for small contractors and minority-owned businesses. Under this law (CGS 4a-60g), a small contractor is one that, among other criteria, had less than \$15 million in gross revenues in the most recently completed fiscal year. The act specifies that it is not to be construed to diminish the total value of contracts that DOT must set aside under this law.

#### MICROLOAN PROGRAM

The law authorizes DECD to make a grant to the Connecticut Economic Development Fund (CEDF), which must disperse the funds to organizations that help microenterprises (those with 10 or fewer employees and less than \$500,000 in annual revenues) prepare business plans and complete loan applications, among other activities. This act permits DECD to make such grants to regional revolving loan programs and requires these programs, like the law already requires CEDF, to work with other agencies and organizations to help micro businesses.

AN ACT CONCERNING THE REAL ESTATE CONVEYANCE TAX, THE CONVEYANCE OF CERTAIN PARCELS OF STATE LAND, ADJUSTMENTS TO CERTAIN PROGRAMS IMPLEMENTED THROUGH THE DEPARTMENT OF SOCIAL SERVICES, A REPORT ON TAX CREDITS, JUVENILE JUSTICE, ABSENTEE VOTING BY MEMBERS OF THE MILITARY, REVISIONS TO VARIOUS TASK FORCES, COMMISSIONS AND COUNCILS, AND AMENDMENTS AND MINOR AND TECHNICAL CHANGES TO CERTAIN SPECIAL AND PUBLIC ACTS OF THE 2010 REGULAR SESSION

**SUMMARY:** This act extends the expiration date of a higher municipal real estate conveyance tax rate for one year and exempts foreclosures by sale and short sales from the tax. It makes changes to the FY 11 budget act as well as to other laws enacted in the 2010 regular session relating to Medicaid, HUSKY Plus, juvenile justice, tax credits, school construction projects, and appointments to commissions and task forces. It also authorizes conveyances of state property, establishes a temporary high risk pool in conformance with the federal health care reform law, and changes state election law to comply with the federal Military and Overseas Voter Empowerment Act.

Finally, the act makes minor and technical changes and corrections in public and special acts, including bond acts, passed in the 2010 regular session.

These and other changes are described in the section-by-section analysis below.

EFFECTIVE DATE: Various, see below.

#### Sections 1 & 2 — Municipal Real Estate Conveyance Tax

This act extends the expiration date of the basic 0.25% municipal real estate conveyance tax rate for one year, until July 1, 2011. In doing so, it also maintains the optional rate of up to 0.5% allowable in 18 eligible municipalities for the same period. Under current law, the basic municipal rate is scheduled to drop from 0.25% to 0.11% on July 1, 2010. Because 18 towns are eligible to impose an additional tax of up to 0.25% on top of the basic rate, the maximum rate allowable in the 18 towns under current law would also drop from 0.5% to 0.36% on that date.

The act also (1) restores an exemption, eliminated in 2009, from the tax for transfers made pursuant to a foreclosure by sale and (2) exempts from the tax transfers of a seller's principal residence when the transfer is (a) in lieu of a foreclosure or (b) a "short sale," which, under the act, means that the sale price is less than the total amount the seller owes on the property for mortgages and liens for municipal property taxes and utility or other charges that have priority over mortgage liens.

EFFECTIVE DATE: July 1, 2010 for the municipal rate extension and October 1, 2010 for the exemption provisions.

#### Background: Real Estate Conveyance Tax

With some exceptions, Connecticut law requires a person who sells real property for \$2,000 or more to pay a real estate conveyance tax when he or she conveys the property to the buyer. The tax has two parts: a state tax and a municipal tax. The applicable state and municipal rates are added together to get the total tax rate for a particular transaction.

In addition to the basic municipal tax rate of 0.25% until July 1, 2010 and 0.11% thereafter that applies in all towns, 18 specific towns have the option of levying an additional tax of up to 0.25%. The 18 towns are: Bloomfield, Bridgeport, Bristol, East Hartford, Groton, Hamden, Hartford, Meriden, Middletown, New Britain, New Haven, New London, Norwalk, Norwich, Southington, Stamford, Waterbury, and Windham.

Background: Foreclosure by Sale

Under a foreclosure by sale, any party can ask the court to force a sale of the property. The court appoints a committee to sell the property, after which the court grants the deed to the purchaser. The borrower whose home is being foreclosed may stop the sale by paying up his or her mortgage. A "foreclosure by sale" is distinct from a "strict foreclosure" or bank foreclosure through which a lender asks the court for the deed.

#### Section 3 — FY 11 Unallocated Lapses

The act increases the unallocated General Fund lapses for FY 11 by \$1.73 million, from \$87.78 million to \$89.51 million. It reduces FY 11 net General Fund appropriations by a corresponding amount, from \$17,668,900,229 to \$17,667,170,229.

EFFECTIVE DATE: July 1, 2010

#### Sections 4-17 — Conveyance of State Property

This act:

- 1. authorizes conveyances of state property to the municipalities of Portland, Marlborough, Manchester, Wallingford, New Haven, and Simsbury, and the Lake Phipps Special Taxing District;
- 2. amends prior conveyances in Bridgeport, Middletown, and New Britain;
- 3. leases state property to the municipalities of Bridgeport and Burlington; and
- 4. requires the development of a plan for the Cedar Ridge facility property in Newington should it be declared surplus.

EFFECTIVE DATE: Upon passage

#### New Conveyances

*Conveyances to Municipalities.* The act requires the following conveyances from the agencies to the towns named for the purpose specified:

1. DECD to New Haven (.52 acres at fair market value).

The conveyance from DECD to New Haven also releases a deed restriction that required the parcel to be used for low- and moderate- income housing only. The conveyance from DOT to Simsbury must (1) consist of land deemed excess by DOT and (2) not break the continuity of the existing landbanked rail line.

Unless otherwise noted, each conveyance:

- 1. is subject to the State Property Review Board's (SPRB) approval within 30 days;
- 2. must be made at a cost equal to the administrative cost of the conveyance, including legal fees; and
- 3. for those conveyances with a specified purpose, the property reverts to the state if the recipient uses the parcel for any purpose other than that specified in the act.

When an agency conveys property at fair market value, the value is determined by the average appraisals of two independent appraisers chosen by the agency's commissioner.

#### **Amended Conveyances**

The act amends a 2007 conveyance of a 1.008 acre parcel from DOT to the Bridgeport Port Authority. The act allows the port authority to lease the parcel or portions of it for economic development or waterfront-related purposes. It also requires DOT to grant the port authority a right-of-way to and from the parcel. The original conveyance required the port authority to use the property for economic development and waterfront-related purposes, but did not allow it to lease the property.

The act amends a 2009 conveyance of a .06 acre parcel from DOT to New Britain by eliminating the city's obligation to pay fair market value for the land. It retains the requirement that New Britain cover the conveyance's administrative costs. It also requires New Britain to use the land for economic development purposes or the property reverts to the state.

#### Section 18 — Tax Credits for Hiring People with Disabilities

PA 10-75 authorizes insurance premium, corporation business, and personal income tax credits for businesses hiring Connecticut residents with disabilities. This act expands the range of new employees that qualify businesses for the credits to include people with blindness.

Under PA 10-75, a business can claim the credit for hiring new employees who:

1. live in Connecticut;

- 2. can see, but have other physical or mental impairments that make it hard for them to find work;
- 3. receive vocational rehabilitation services from the Department of Social Services' Bureau of Rehabilitation Services (BRS);
- 4. were hired after May 6, 2010; and
- 5. did not work for a related business during the previous 12 months.

Under the act, the business can claim the credit for hiring people who are blind or receiving services from the Board of Education and Services for the Blind (BESB). It also allows the business to claim the credit for hiring people with disabilities who were employed by a related business as long as they did not receive services from the Bureau or Rehabilitation Services or BESB. As under the act, the business can claim the credit Connecticut residents hired after May 6, 2010.

EFFECTIVE DATE: Upon passage and applicable to income years beginning on or after January 1, 2010.

#### Sections 19 — Tax Credit Reservations for Housing Programs

By law, businesses qualify for tax credits in exchange for contributions to nonprofit organizations developing low- and moderate-income housing through the Housing Tax Credit Contribution (HTCC) program administered by CHFA. The total amount of all tax credits cannot exceed \$10 million in any fiscal year. Under current law, up to and until November 1 each year, the authority must set aside \$2 million of the total amount for the Supportive Housing Pilots Initiative or the Next Steps Initiative and also \$1 million for workforce housing.

The act moves the deadline for the set-aside to 60 days after CHFA publishes its list of housing programs that will receive tax credit reservations (September 1 in practice), rather than after November 1. It also makes any supportive housing initiative, not only the Supportive Housing Pilots Initiative and the Next Steps Initiative, eligible for the \$2 million tax credit reservation. After the deadline, unused tax credits become available for any housing program eligible for tax credits under the HTCC program.

EFFECTIVE DATE: July 1, 2010

#### Section 27 — Review of Tax Credits

#### Reports

The act requires the DECD commissioner, in consultation with the revenue services commissioner, to evaluate and report every three years on tax credit and abatement programs enacted to recruit and retain businesses. The commissioner must submit the reports to the governor; the OPM secretary; and the Appropriations, Commerce, and Finance, Revenue and Bonding committees starting by January 1, 2011. The reports are in addition to DECD's regular required annual reports.

## Report Information

The act requires DECD to include at least the following information in its report:

- 1. a baseline assessment of each tax credit or abatement program it administers, including the aggregate number of jobs associated with eligible taxpayers and the aggregate annual revenue these taxpayers generate through direct taxes on them and indirectly through their employees and their contribution to the state's economy;
- 2. a listing, by program, of the tax credits or abatements the state approved during the preceding calendar year;
- 3. an assessment of the fairness, performance, burden, economic impact, and incidence of the corporation business and insurance company taxes;
- 4. the cost to the state and to businesses of administering and complying with the corporation and insurance premium taxes and their credits; and
- 5. the methodology and assumptions used.

The DECD must also include a summary and evaluation of each tax credit or abatement program it administers. The summary and evaluation of each program must include:

- 1. an assessment of its intended goals;
- 2. the number of taxpayers granted the credit in the previous 12 months and their value by North American Industrial Classification System (NAICS) code;
- 3. the value of the credits claimed and carried forward, by NAICS code;
- 4. an assessment and five-year projection of the potential effect on the state's revenue of any allowable credit carry forwards;
- 5. an analysis of (a) the credit's economic impact, (b) its statutory and programmatic goals and whether the goals are being met, and (c) if possible, an identification of obstacles to meeting the goals;
- 6. the types and value of credits assigned, with a summary of the NAICS code of those to which they are assigned;
- 7. a cost-benefit analysis of the revenue foregone compared to the economic activity the credit creates;
- 8. the average aggregate administrative and compliance cost to the state and to businesses; and

9. a recommendation whether the program should be continued, modified, or repealed, along with the basis and expected economic impact of the recommendation.

EFFECTIVE DATE: July 1, 2010

#### Section 42 — Waste Reduction Task Force

PA 10-75 establishes a 12-member task force to determine how state agencies and departments can reduce or eliminate duplicative procedures and paper usage. Eight of the task force members are appointed by legislative leaders and must include corporate executives, economists, information technology experts, and those representing any other interest the appointing authority considers appropriate.

This act allows one of the House speaker's two appointees to be a legislator.

EFFECTIVE DATE: July 1, 2010

# Section 43 — Task Force on Converting Legislative Documents to Electronic Form

The act revises appointments to, and the membership of, the task force established by PA 10-179 to study converting legislative documents from paper to electronic form. It increases the task force's membership from 15 to 17. It also requires the group to study an additional issue, namely the need to protect the authenticity of, and preserve, legislative documents.

Instead of four members of the Association of Connecticut Lobbyists appointed by the majority leader of each legislative caucus, the act requires the task force to have: (1) one member of that association appointed by the Senate majority leader, (2) a public member appointed by the House majority leader, and (3) the House and Senate minority leaders or their designees. Instead of making the three supervising committee administrators members, the act requires the chairs of the Legislative Management Committee to appoint two staff people. Finally, the act adds the following members or their designees to the task force:

- 1. the Legislative Commissioner's Office director,
- 2. the secretary of the state, and
- 3. the Freedom of Information Commission executive director.

The act retains the following members or their designees as required by PA 10-179: House and Senate clerks, state librarian, (3) Legislative Management Committee chairpersons, and director of the legislative Office of Information Technology.

The act also:

1. extends the deadlines for making appointments from June 1 to July 15, 2010 and holding the first meeting from July 1 to August 15, 2010 and

2. requires the Legislative Management Committee chairpersons to select the task force chairs from among its members rather than requiring the committee chairpersons or their designees to serve as task force chairpersons.

EFFECTIVE DATE: Upon passage

#### Section 47 — Nonprime Home Loans

The act changes the definition of "nonprime home loan" for purposes of their regulation.

The law sets criteria for what constitutes a nonprime home loan and imposes requirements on making these loans. For example, excluding Federal Housing Administration loans, the law prohibits lenders from (1) making nonprime home loans unless they reasonably believe, when the loan is consummated, that the people incurring the debt will be able to (a) make the scheduled payments and (b) pay the related taxes and insurance; and (2) offering nonprime home loans that contain a prepayment penalty.

The current statutory definition of nonprime home loans includes those with principal amounts not exceeding (1) \$417,000, for loans originated from July 1, 2008 to June 30, 2010, and (2) the conforming loan limit set by the Federal National Mortgage Association (Fannie Mae) for loans originated on or after July 1, 2010. The act eliminates the provision tying the amount to limits established by Fannie Mae, and sets \$417,000 as the limit for the definition of nonprime home loans.

EFFECTIVE DATE: Upon passage

#### Sections 51-54 — Allocating Funds for Bond Pool Projects

PA 10-44 authorizes up to \$58. 6 million in new state GO bonds and divides the money into three pools for specified projects in Bridgeport, Hartford, and New Haven as designated by the State Bond Commission. Depending on the designation, for two of the pools, PA 10-44 requires the commission to allocate funding through the most appropriate of several listed state agencies. These are (1) for the economic and community development project pool, the DECD or DEP and (2) for the pool for infrastructure and other specified programs, DECD, DEP, the Department of Public Safety, or DSS.

This act instead requires the commission to allocate the money to the OPM, and requires OPM to distribute the money for the project to whichever of the listed agencies is most appropriate. It also authorizes the project grants to be distributed through OPM rather than the listed agencies.

EFFECTIVE DATE: July 1, 2010

#### Section 74 — Repeal of Deadline Extension for Property Tax Exemption

PA 10-162 and SA 10-8 contain similar provisions allowing taxpayers in Seymour to receive a statutory property tax exemption for manufacturers even if they missed the deadline for claiming the exemption. Both acts provide similar procedures for claiming the exemption. But PA 10-162 allows taxpayers to claim the exemption only for real property on the 2009 Grand List while SA 10-8 allows them to claim it for real and personal property on that grand list. The act eliminates PA 10-162's

narrower authorization, thus allowing taxpayers to claim the exemption for real and personal property under PA 10-162.

EFFECTIVE DATE: Upon passage

Public Act# 10-2

**June Special Session** 

**SB# 502** 

# AN ACT MAKING ADJUSTMENTS TO THE BUDGET AND TO CERTAIN PUBLIC ACTS, AND ESTABLISHING THE HOMEOWNER'S EQUITY RECOVERY OPPORTUNITY LOAN PROGRAM

#### **SUMMARY:**

This act makes various changes to implement the FY 10 deficit mitigation and FY 11 budget adjustment acts. It also allows the Connecticut Housing Finance Authority (CHFA) to provide mortgages to eligible buyers of distressed, foreclosed, or abandoned property and repeals a duplicative property tax exemption deadline extension.

EFFECTIVE DATE: Various, see below.

## Sections 1 & 2 — Changes in FY 11 Budget

The act makes various changes to the FY 11 budget as enacted in PA 10-179. It also:

Redistributes cuts in Other Expenses to the FY 07 level by increasing legislative branch's required lapse by \$1,101,667, from \$9,639 to \$1,111,306 and reducing the executive branch's by the same amount, from \$31,990,361 to \$30,888,694.

EFFECTIVE DATE: July 1, 2010

#### Section 3 — Supportive Housing, Next Steps Initiative

PA 09-7 authorized funds to (1) provide rental assistance and services for the Next Steps Initiative's Round 3 development projects and (2) pay for debt service on the bonds issued to finance the projects. That act required any rental assistance and services funds not used for Round 3 to be used for other rental assistance and services for new scattered site supportive housing. This act allows, rather than requires, any unused FY 11 Round 3 funds to be used for those purposes. It also repeals obsolete FY 10 funding allocations.

PA 09-7 act authorized up to the following amounts for Round 3 in FY 11:

- 1. \$264,000 of the funds appropriated to DSS for Homeless/Housing Services,
- 2. \$1 million of the funds appropriated to the Department of Mental Health and Addiction Services (DMHAS) for Housing Supports and Services, and

3. \$1 million of the funds appropriated to the treasurer to pay debt service.

By law, the Next Steps Initiative provides affordable housing and support services for people and families affected by psychiatric disabilities and chemical dependency who are homeless or at risk of being homeless and for supervised ex-offenders with serious mental health needs, among others. The law allows the state to provide state funds to the CHFA to pay debt service on bonds it issued for mortgage loans under the Next Steps Initiative.

EFFECTIVE DATE: Upon passage

#### Section 5 — Property Tax Exemption Deadline Waivers

The act makes technical changes correcting an incorrect reference to those sections of PA 10-1 extending the application deadlines for the distressed municipality, enterprise zone, and targeted investment community (TIC) property tax exemptions.

Businesses qualify for real and personal property tax exemptions under several statutes, some of which require the state to reimburse the municipalities for the forgone property tax revenue. The statutes specify the procedures they and municipalities must follow to claim the exemption and the reimbursement, respectively. PA 10-1 extends the application deadlines for the businesses in Bridgeport, New Haven, and Torrington to claim the state-reimbursed exemptions for manufacturing and service facilities in the enterprise zones, distressed municipalities, and TICs.

It also gives their assessors more time to file for the state reimbursement, but cites the wrong statute for the state to process those reimbursements. The act corrects the reference by requiring the OPM secretary to reimburse them under the statute authorizing the reimbursements for distressed municipality, enterprise zones, and TICs (CGS 32-9r).

EFFECTIVE DATE: Upon passage

# Sections 7 & 8 — CHFA Mortgage Loans for Foreclosed and Other Properties Under CT Families and HERO Programs

This act allows CHFA, under the Connecticut Fair Alternative Mortgage Lending Initiative and Education Services (CT FAMLIES) program and the Homeowner's Equity Recovery Opportunity (HERO) program, to make mortgage loans to borrowers who it determines are eligible for the mortgages and who purchase (1) foreclosed properties, (2) abandoned properties, or (3) properties conveyed by deed in lieu of foreclosure or short sale.

The CT FAMLIES program offers 30-year fixed-rate refinance loans to Connecticut homeowners who are delinquent on their fixed-rate or adjustable-rate mortgages. The program also provides second mortgage loans in conjunction with the refinance loan. The law allows CHFA to make up to \$ 40 million in mortgages for these purposes, and requires these mortgages to be consistent with and subject to its contractual obligations to its bondholders. The act does not appear to place these conditions on the mortgages for foreclosed properties, abandoned properties, or those conveyed by deed in lieu of foreclosure or short sale.

The act also allows CHFA to make such mortgages through the HERO program, through which CHFA purchases mortgages directly from lenders and places eligible borrowers on an affordable repayment plan.

EFFECTIVE DATE: July 1, 2010

Special Act# 10-2 SB# 261

#### AN ACT CONCERNING THE CONNECTICUT JOB CORPS TASK FORCE.

EFFECTIVE DATE: UPON PASSAGE

The act establishes a State Jobs Corps Task Force to study the means by which the state may, under federal and state law, implement a program similar to the Works Progress Administration, created pursuant to the federal Emergency Relief Appropriation Act of 1935, (49 Stat. 115) to use unemployed workers to construct public works projects in the state.

The task force is made up of the following members:

- (1) Two appointed by the speaker of the House of Representatives, one of whom shall be a mayor or first selectman of a Connecticut municipality with a population greater than or equal to seventy-five thousand residents and one of whom shall represent a labor organization;
- (2) Two appointed by the president pro tempore of the Senate, one of whom shall be a mayor or first selectman of a Connecticut municipality with a population greater than or equal to seventy-five thousand residents and one of whom shall represent a labor organization;
- (3) Two appointed by the majority leader of the House of Representatives, one of whom shall represent an employee organization and one of whom shall represent a labor organization;
- (4) Two appointed by the majority leader of the Senate, one of whom shall represent an employee organization and one of whom shall be an economist with knowledge of labor and workforce development;
- (5) Two appointed by the minority leader of the House of Representatives who shall be a mayor or first selectman of a Connecticut municipality with a population less than or equal to seventy-five thousand residents but greater than twenty thousand residents;
- (6) Two appointed by the minority leader of the Senate, one of whom shall be a mayor or first selectman of a Connecticut municipality with a population greater than or equal to seventy-five thousand residents and one of whom shall be a mayor or first selectman of a Connecticut municipality with a population less than or equal to twenty thousand residents;
- (7) Two appointed by the Governor, at least one of whom shall represent a state-wide business organization; and

(8) The Commissioner of Economic and Community Development and the Labor Commissioner, or the commissioners' designees, who shall be ex-officio, nonvoting members.

The Governor shall select the chairperson of the task force from among the members of the task force. Such chairperson shall schedule the first meeting of the task force, which shall be held not later than sixty days after the effective date of this section.

The task force may seek the advice and participation of any person, organization or state or federal agency as it deems necessary to carry out the provisions of this section.

Not later than January 1, 2011, the task force shall submit a report on its findings and recommendations to the Labor and Public Employees committee of the General Assembly having cognizance of matters relating to labor and public employees committee

The report shall consist of (1) an evaluation of the program used by the federal Works Progress Administration and the feasibility of using aspects of such program to respond to current economic conditions in the state, (2) recommendations for any changes necessary in state law, regulation or policy that would be necessary to implement a program similar to the Works Progress Administration in the state, and (3) recommendations for using the expertise of state employees to assist in carrying out the recommendations; and to further provide assistance to individuals receiving benefits pursuant to chapter 567 of the general statutes to find employment positions.